United States Court of Appeals

for the Second Circuit

JOINT APPENDIX

76-7428

In The

United States Court of Appeals

For The Second Circuit

HOWARD C. HIRSCH, PAUL L. KOHNS and MARSHALL S. MUNDHEIM,

Plaintiffs-Appellants,

-against-

EDMOND duPONT, WALLACE C. LATOUR, MILTON A. SPEICHER, FRANCIS I. duPONT & CO., F.I. duPONT GLORE FORGAN & CO. and duPONT GLORE FORGAN INCORPORATED,

Defendants,

(Continued on Reverse)

UNITED STATES COURT OF APPEALS
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SECOND CIRCUIT

JOINT APPENDIX

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SHEA GOULD CLIMENKO & CASEY
Attorneys for Plaintiffs-Appellants Howard C. Hirsch, Paul L. Kohns and Marshall S. Mundheim
330 Madison Avenue
New York, New York 10017
(212) 661-3200

CAHILL, GORDON & REINDEL
Attorneys for Defendant-Appellee Haskins & Sells
80 Pine Street
New York, New York 10005
(212) 944-7400

MILBANK, TWEED, HADLEY & MC CLOY
Attorneys for Defendant-Appellee New York Stock Exchange
1 Chase Manhattan Plaza
New York, New York 10005
(212) 422-2660

(10142)
LUTZ APPELLATE PRINTERS, INC.
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and

HASKINS & SELLS and THE NEW YORK STOCK EXCHANGE, INC.,

Defendants-Appellees.

On Appeal from an Order of the United States District Court for the Southern District of New York.

PAGINATION AS IN ORIGINAL COPY

INDEX TO APPENDIX

	Page
Docket Entries	1a
Complaint	10a
Amended Complaint	19a
Opinion Dated June 5, 1975	28a
Opinion Dated June 30, 1976	78a
Ex. 3 to Hyde Affidavit, Sworn to 2/13/75	100a
Notice of Appeal	140a
Selected Trial Testimony	141a

Plaintiffs' Exhibits:

Pl. Ex. 1 - Agreement dated July 2, 1970 among FID & Co., Hirsch & Co., certain general partners of Hirsch & Co., certain limited partners of Hirsch & Co. and certain subordinated lenders of Hirsch & Co.	321a
Pl. Ex. 8 - Agreement Subordinating Account dated January 4, 1971 between FIDGF and Hirsch	353a
Pl. Ex. 9 - Agreement Subordinating Account dated January 4, 1971 between FIDGF and Kohns	364a
Pl. Ex. 10- Agreement Subordinating Account dated January 4, 1971 between FIDGF and Mundheim.....	375a
Pl. Ex. 11- Letter dated October 7, 1971 from Larry S. Glazer to Mundheim	386a

		Page
Pl. Ex. 13-	Letter dated November 5, 1971 from Larry S. Glazer to Hirsch	388a
Pl. Ex. 20-	Statement of financial condition of FID & Co., as of September 28, 1969 with accountants opinion by H & S	391a
Pl. Ex. 21-	Annual report of FID & Co., for the year ending December 31, 1969	393a
Pl. Ex. 26-	Answers to financial questionnaire and supplementary schedules of FID & Co., Parts I and III as of September 28, 1969 with accountant's opinion by H & S.....	410a
Pl. Ex. 28-	Answers to financial questionnaire of FIDGF Parts I and III as of September 27, 1970 with accountant's opinions by H & S.	420a
Pl. Ex. 109-	Memorandum of net capital of FID & Co. pursuant to the requirements of Rule 325 of the Exchange as of September 28, 1969 with accompanying letter by H & S dated November 26, 1969.....	451a
Pl. Ex. 112-	Supplementary report on examination of FID & Co. by H & S dated November 26, 1969.	459a
Pl. Ex. 113-	Supplementary report on examination of FID & Co. by H & S dated November 25, 1970.	463a
Pl. Ex. 123-	NYSE memo dated Feb. 2, 1970 re FID & Co. Possible violation of Exchange Rule 325.	468a
Pl. Ex. 124-	NYSE memo dated Feb. 13, 1969 re FID & Co. Possible violations of Exchange Rule 440 and Sec Rule 17a-3.....	473a
Pl. Ex. 125-	Letter dated Feb. 28, 1969 from Charles Moran Jr., to Robert Bishop.....	477a
Pl. Ex. 126-	Handwritten note dated March 13, 1969 by Bishop.....	482a
Pl. Ex. 128-	Letter dated April 10, 1969 from Bishop to Pollack.....	483a

		Page
Pl. Ex. 129 -	April 10, 1969 Censure of FID & Co.	484a
Pl. Ex. 130 -	Memo dated May 15, 1969 by John Ring re FID & Co. Main Office: New York	485a
Pl. Ex. 134 -	NYSE Memo dated Sept. 18, 1969 from McElroy, Steinberg, Berk, Parker and Lee to McChesney re Examiners' Short Report.....	492a
Pl. Ex. 139 -	NYSE Confidential Memorandum dated Nov. 26, 1969 from Dept. of Members Firms to Board of Governors re: Charges Against FID & Co.....	493a
Pl. Ex. 143 -	Report dated Sept. 28, 1969 by John Bolos.....	515a
Pl. Ex. 144 -	Memorandum dated December 3, 1969, subject: Current Status of F.I. duPont Meeting held December 1, 1969.....	523a
Pl. Ex. 145 -	Memorandum dated January 6, 1970, two pages, prepared by Mr. Chenet.....	524a
Pl. Ex. 154 -	Handwritten analysis of Francis I. duPont, called Supplemental White Sheet, Regular Questionnaire as of September 28, 1969.....	526a
Pl. Ex. 167 -	NYSE memo dated June 24, 1970 from Frank E. Dominach, Jr. to Cunningham & Arning re: FID, Glore & Hirsch merger.....	527a
Pl. Ex. 168 -	Letter dated July 1, 1970 from LDA to Wallace LaTour.....	531a
Pl. Ex. 192 -	Letter dated October 6, 1967 from Charles A. Rubin to Bishop, Stock, LaBoe and Chenet.....	533a
Pl. Ex. 198 -	Letter dated Nov. 3, 1970 stamped signature of Robert M. Bishop to Wallace C. LaTour.....	534a

		Page
Pl. Ex. 199 -	Letter dated Nov. 4, 1970 stamped signature of Bishop to LaTour.....	535a
Pl. Ex. 208 -	Letter dated November 24, 1970 from Bishop to FIDGF & Co.....	536a
Pl. Ex. 211 -	NYSE memo dated Dec. 1, 1970 from Bishop to Haack re: Reorganization of FIDGF & Co.....	537a
Pl. Ex. 218 -	Letter dated Sept. 30, 1968 from Haskins & Sells to FID & Co.....	539a
Pl. Ex. 225 -	FIDGF Answers to Financial Questionnaire & Supplementary Schedules as of April 30, 1971 and Accountants' Opinion.	542a
Pl. Ex. 226 -	Haskins & Sells memo dated Dec. 16, 1969 by Lill re: FID & Co. Mtg. with NYSE.	567a
Pl. Ex. 251 -	Letter dated April 15, 1970 from LaTour to Bishop.....	571a
Pl. Ex. 254 -	Hirsch & Co. Statement of Financial Condition as of April 26, 1970 and (Unaudited) July 2, 1970 and (Unaudited) Supplemental Schedules for the period from July 2, 1970 to August 31, 1971.	580a
Pl. Ex. 260 -	Omnibus Account Computer Run.....	588a
Pl. Ex. 261 -	N.Y. Stock Exchange Memorandum dated May 13, 1970.....	590a
Pl. Ex. 262 -	Chart "F. I. duPont, Glore Forgan & Co., Hirsch & Co.: Partner & Capital"	592a

Defendant New York Stock Exchange Exhibits:

Deft. Ex. B -	NYSE Questionnaire Answered by F. I. duPont & Co., for the Period Ending 2/27/70.....	593a

		Page
Deft. Ex. C	- NYSE Questionnaire Answered by F. I. duPont & Co., for the Period Ending 5/31/70.....	602a
Deft. Ex. K	- Letter dated July 1o, 1970 from Fred J. Stock, Jr., to Edmund duPont.	611a
Deft. Ex. M	- NYSE Membership Application of Mundheim.....	613a
Deft. Ex. Q	- NYSE Membership Application of Hirsch.....	618a
Deft. Ex. KK	- NYSE Membership Application of Kohns.....	623a
Deft. Ex. F	- Hirsch & Co. Answers to Special Operations Questionnaire, April, 1970.....	628a
Deft. Ex. G	- Financials.....	640a
Deft. Ex. H	- Memorandum of Proposed Agreement Between H & Co. and F.I.D.....	643a
Deft. Ex. L	- Letter dated July 23, 1970 from F.I.D.G.F.& Co. to the NYSE.....	655a
Deft. Ex. N	- Agreement of December 14, 1970...	656a
Deft. Ex. U	- Letter dated February 7, 1969 from Bishop to Kohns, and memo.....	675a
Deft. Ex. W	- Letter dated November 26,1969 from Pincus to Kohns, and memo.....	680a
Deft. Ex. X	- Letter dated March 17, 1970 from Spies to Kohns.....	688a
Deft. Ex. Y	- February 9, 1970 NYSE Report on visit to Hirsch & Co.....	690a
Deft. Ex.FF	- Newspaper article.....	697a
Deft. Ex.CC	- Newspaper article.....	699a
Deft. Ex.DD	- Newspaper article.....	700a

	Page
Deft. Ex. EE - Newspaper artice.....	702a
Deft. Ex. GG - Newspaper article.....	704a
Deft. Ex. HH - Letter dated April 27, 1970 from Kohns.....	705a
Deft. Ex. JJ - NYSE Application.....	706a
Deft. Ex. PP - Memo dated June 12, 1970 from Paul duPont to Thompson.....	712a
Deft. Ex. QQ - Memo re: Reduction of Capital Charges.....	717a
Deft. Ex. SS - Memo of Net Capital.....	719a
Deft. Ex. YY - F.I. duPont Financials.....	721a
Defendant Haskins & Sells' Exhibits:	
Deft. Ex. A - Letter dated November 13, 1968 from H & S. to Speicher.....	744a
Deft. Ex. B - Letter dated December 18, 1969 from H & S to Speicher.....	748a
Deft. Ex. C - Letter dated October 2, 1968 from H & S to the SEC.....	752a
Deft. Ex. D - Letter dated November 26, 1969 from H & S to the NYSE.....	753a
Deft. Ex. E - Letter dated November 26, 1969 from H & S to the SEC.....	754a
Deft. Ex. G - Letter dated December 18, 1969 from H & S to the SEC.....	755a
Deft. Ex. H - Letter dated November 28, 1969 from the SEC to H & S.....	756a
Deft. Ex. I - Letter dated January 12, 1970 from H & S to the NYSE.....	757a
Deft. Ex. J - Letter dated January 12, 1970 from H & S to the NYSE.....	758a

		Page
Deft. Ex. K -	Letter dated November 25, 1970 from H & S to the NYSE.....	759a
Deft. Ex. L -	Letter dated November 25, 1970 from H & S to the SEC.....	760a
Deft. Ex. M -	Letter dated November 30, 1970 from the SEC to H & S.....	761a
Deft. Ex. N -	Letter dated January 13, 1971 from H & S to the NYSE.....	762a
Deft. Ex. O -	Letter dated January 13, 1971 from H & S to the SEC	763a
Deft. Ex. P -	Letter dated November 11, 1969 from H & S to Kohns.....	764a
Deft. Ex. Q -	1969 Partnership Income Tax Return for Hirsch & Co.....	768a
Deft. Ex. R -	1970 Partnership Income Tax Return for Hirsch & Co. in Liquidation.....	814a
Deft. Ex. V -	Chart.....	869a
Deft. Ex. W -	F.I. duPont & Co. Statement of Financial Condition, April 30, 1970..	870a

Plaintiffs' Exhibits Continued:

Pl. Ex. 1 -	Agreement dated July 2, 1970 among FID & Co., Hirsch & Co., certain general partners of Hirsch & Co., certain limited partners of Hirsch & Co. and certain subordinated lenders of Hirsch & Co.....	871a
Pl. Ex. 4 -	Letter dated December 3, 1970 from Marshall S. Mundheim to FIDGF.....	904a
Pl. Ex. 6 -	Letter dated December 3, 1970 from Howard C. Hirsch to FIDGF.....	906a
Pl. Ex. 27 -	Answers to special financial questionnaire of FID & Co. Parts I and II as of January 30, 1970.....	908a

		Page
Pl. Ex. 50 -	Special operations questionnaire of FID & Co. as of March 31, 1970.....	915a
Pl. Ex. 127 -	Letter dated March 26, 1969 from Bishop to Moran.....	924a
Pl. Ex. 135 -	NYSE report dated Sept. 30, 1969 by D. Steinberg re: FID & Co. Answers to Special Questionnaire as of June 30, 1969.....	925a
Pl. Ex. 137 -	Letter dated Nov. 12, 1969 from Robert A. Spies to Milton A.Speicher..	943a
Pl. Ex. 140 -	Letter dated Nov. 26, 1969 from Samuel A. Gay to Robert A. Spies.....	947a
Pl. Ex. 150 -	Letter dated January 8, 1970 from Wallace LaTour to Robert M. Bishop....	949a
Pl. Ex. 159 -	Set of handwritten computations and analysis dated April 6, 1973, bearing initials AJW re: FID & Co. Special Q.....	953a
Pl. Ex. 232 -	Letter, August 4, 1970.....	954.2a
Pl. Ex. 235 -	Letter dated June 26, 1970 from Haskins & Sells to Edward First.....	955a
Pl. Ex. 263 -	Book, Audits of Brokers page 104.....	957a

Affidavit of Hyde, Sworn to on February 13, 1975 and the exhibits thereto.....	962a
Notice of Motion for a More Definite Statement.....	1074a
Affidavit of Jackson, Sworn to on April 25, 1972.....	1976a
Pretrial Order.....	1078a
Affidavit of Spinogatti, Sworn to on June 6, 1972.....	1087a

	Page
Memorandum Order of June 28, 1972.....	1089a
Order No. 42825.....	1091a
Order and Judgment.....	1098a
Trial Transcript, Complete.....	1100a

Pl. Ex. 1, pp. 321a-352a

OFFICE COPY 321a

THIS AGREEMENT, made as of July 2, 1970 by and among FRANCIS I. duPONT & CO. ("duPont"), a New York limited partnership with offices at 1 Wall Street, New York, N.Y., and HIRSCH & CO. ("Hirsch"), a dissolved New York limited partnership in liquidation, with offices at 25 Broad Street, New York, N.Y., by its Liquidating Committee ("Hirsch Liquidating Committee"), and the General Partners of Hirsch who sign this Agreement ("Hirsch General Partners"), and the Limited Partners of Hirsch who sign this Agreement ("Hirsch Limited Partners"), and the Subordinated Lenders to Hirsch who sign this Agreement ("Hirsch Subordinated Lenders"),

W I T N E S S E T H :

WHEREAS, on July 2, 1970 Hirsch was dissolved under the terms of the partnership agreement of Hirsch and the Hirsch Liquidating Committee was appointed pursuant to said partnership agreement; and

WHEREAS, thereafter on July 2, 1970 (the "Closing Date") duPont is purchasing and acquiring certain of the assets of Hirsch and assuming certain of the liabilities of Hirsch, all on the terms and conditions set forth, and the Hirsch General Partners, the Hirsch Limited Partners and the

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PLF. EX. 1
WIT.
DATE

Hirsch Subordinated Lenders are becoming members of duPont and/or subordinated lenders to duPont,

NOW, THEREFORE, in consideration of the representations, warranties and covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Representations of Hirsch General Partners and the Hirsch Liquidating Committee. The Hirsch General Partners and the Hirsch Liquidating Committee jointly and severally represent and warrant that:

(a) Interest of Hirsch General Partners. Under the terms of the partnership agreement of Hirsch, the Hirsch General Partners are together entitled to not less than 60% of the profits of Hirsch.

(b) Authority Relating to this Agreement. General Partners of Hirsch who together are entitled to not less than 60% of the profits of Hirsch, in accordance with the terms of the partnership agreement of Hirsch, authorized, consented to and gave notice of the dissolution of Hirsch effective immediately prior to the close of business on July 2,

1970, and said General Partners of Hirsch duly appointed the Hirsch Liquidating Committee with all of the powers, rights and duties which are granted to, authorized by, or imposed upon such Liquidating Committee under the partnership agreement of Hirsch and by operation of law, which powers and rights include the power and right to sell, assign and transfer assets of Hirsch in accordance with the terms of this Agreement.

(c) Balance Sheet. The balance sheet of Hirsch as of April 26, 1970 which has been delivered to duPont is believed fairly to reflect the financial condition of Hirsch as of such date determined in accordance with generally accepted accounting principles.

(d) Leases. All leases of real property to which Hirsch and Hirsch & Co., Incorporated are parties, of which the Hirsch Liquidating Committee has knowledge, are listed in a Schedule annexed hereto.

(e) Employment and Service Agreements, etc. The information concerning employment, consultation,

retirement, service and like agreements to which Hirsch and Hirsch & Co., Incorporated are parties, which has from time to time been furnished to duPont, is believed to be accurate although incomplete.

(f) Litigation. There is no action, litigation, suit, claim, proceeding or governmental investigation pending or threatened against the properties or affecting the properties of Hirsch or Hirsch & Co., Incorporated or against the transactions contemplated by this Agreement, of which the Hirsch Liquidating Committee has knowledge, except as referred to in the Hirsch Balance Sheet (as defined in Section 4) or as listed in a Schedule annexed hereto. Hirsch is not a party to or subject to the provisions of any order, decree or judgment of any court or governmental agency, of which the Hirsch Liquidating Committee has knowledge, except as referred to in said Hirsch Balance Sheet or as listed in a Schedule annexed hereto.

(g) Purpose of Representations. The representations contained in this Section 1 are made solely for the purpose of attempting to inform duPont of various aspects of Hirsch's business, including certain of

its obligations and liabilities; and no liability shall be imposed on any of the Hirsch General Partners or the Hirsch Liquidating Committee by reason of any omission in any of the schedules referred to in this Section 1.

2. Representations of duPont. duPont represents and warrants that:

(a) Organization and Existence. duPont is and on the Closing Date will be a limited partnership duly organized and validly existing under the laws of the State of New York, with full power and authority to transact the business in which it is engaged.

(b) Authority Relating to this Agreement. The execution and delivery of this Agreement by duPont has been duly and validly authorized.

(c) Balance Sheet. A balance sheet of duPont as of April 30, 1970 which has been delivered to Hirsch is believed fairly to reflect the financial condition of duPont as of such date determined in accordance with generally accepted accounting principles.

(d) Units. The total number of Units of general capital of duPont outstanding immediately prior to the Closing Date consists of 9,210 Units of which 1,000 are Voting Units and 8,210 are Non-Voting Units. An aggregate of 4,589 additional Units of general capital of duPont will be issued at the Closing Date or reserved for subsequent issue to certain stockholders of Glore Forgan, Staats Incorporated ("Glore") pursuant to an agreement between duPont and the Glore stockholders, a copy of which is annexed hereto.

(e) Glore Stock. duPont has acquired not less than 66-2/3% of the issued and outstanding common stock of Glore on the terms and conditions provided in the annexed agreement relating to such acquisition.

3. Sale and Purchase. On the Closing Date:

(a) Transfer of Hirsch Assets.

(i) Except for the assets and properties excluded as provided in subparagraph (ii) below Hirsch, acting through the Hirsch Liquidating Committee, shall and hereby does

convey, assign, transfer and deliver to duPont all of the assets and the properties of Hirsch.

(ii) The following assets and properties of Hirsch are excluded and shall not be conveyed, assigned, transferred or delivered to duPont:

a. Cash other than petty cash and other than the amount of cash, if any, as the Hirsch Liquidating Committee may determine should be transferred.

b. Securities of all kinds owned by Hirsch and partners of Hirsch (other than stock of Hirsch & Co. S.A.R.L., of Hirsch & Co. G.m.B.h., and of Hirsch & Co. Incorporated) and securities borrowed under subordination agreements described in Hirsch Assembly Sheets as U.S. Government bonds, municipal bonds, and other securities.

c. Miscellaneous assets described in Hirsch Assembly Sheets as tax refunds from partners.

d. Other assets described in Hirsch Assembly Sheets as Memberships in Exchanges other than Memberships in the New York Cocoa Exchange, New York Mercantile Exchange and National Stock Exchange.

e. Sundry assets described in Hirsch Assembly Sheets as "partners' non-subordinated", and the shares of Wall Street Information Services, Inc.

f. The consideration being delivered by duPont to Hirsch pursuant to this Agreement.

g. Any additional assets and properties which may be listed by the Hirsch Liquidating Committee on a Schedule annexed hereto.

(iii) duPont shall be and hereby is given all rights Hirsch may have to use the name "Hirsch", "Hirsch & Co." and variations thereof such as Hirsch & Co. S.A. in connection with the brokerage and investment business anywhere in the world. duPont shall receive the possession of the books and records of Hirsch, except any which may be listed by the Hirsch Liquidating Committee in a Schedule annexed hereto, and excep

that the Hirsch Liquidating Committee or any successor or representative of the Hirsch Liquidating Committee shall be entitled to inspect and make copies of such books and records at such times as it deems necessary.

(iv) On July 3, 1970 the stockholders of Hirsch & Co. S.A., a Panamanian corporation, are to receive checks from that corporation representing the first distribution in liquidation of that corporation. On the same day such stockholders who are parties to this Agreement will deliver their personal checks to duPont for an amount equal to and payable out of the sum which each such stockholder received from Hirsch & Co. S.A., provided however that no such stockholder is required to deliver an amount more than his agreed capital contribution or subordinated loan to duPont under this Agreement. If any such stockholder delivers to duPont a check for an amount in excess of his agreed capital

contribution or subordinated loan to duPont under this Agreement, such excess shall be considered as having been first delivered to Hirsch as a credit to such person's capital account with Hirsch and as thereafter being delivered by Hirsch to duPont pursuant to subparagraph (i) above.

(b) Assumption of Liabilities.

(i) Except for the debts, obligations and liabilities excluded in subparagraph (ii) below, duPont shall and does hereby assume and agree to pay, perform and discharge all of the debts, obligations and liabilities of Hirsch of every kind whatsoever, whether now existing or hereafter arising and whether absolute or contingent.

(ii) duPont shall not assume and shall not be required to pay, perform or discharge the following debts, obligations and liabilities of Hirsch:-

a. Any debt, obligation or liability not reflected in or referred to as a debt, obligation or liability in the Hirsch

Balance Sheet which is asserted on or before December 31, 1971 and which exceeds $25,000 with respect to either a single matter or a single customer. This paragraph is intended to apply to the described category of debts, obligations or liabilities which arose out of the operation of Hirsch's business prior to the Closing Date and is not intended to exclude from the debts, obligations and liabilities assumed by duPont those arising under leases, employment agreements, service contracts and the like applicable to any period or periods after the Closing Date or those arising under litigations listed in the Schedule pursuant to Section 1(r) other than the Shelare case (Item C 5), or those arising under any legal proceedings against Hirsch relating to Revenue Properties Company Limited Stock,

b. Partners' non-subordinated accounts; dividend taxes withheld; payroll taxes payable including all income taxes withheld from employees; United Kingdom tax.

c. Borrowing under subordination agreements including accrued interest and compensation thereon.

d. General and limited capital accounts including accrued interest and compensation thereon.

e. Any additional debts, obligations or liabilities which may be listed by the Hirsch Liquidating Committee on a Schedule annexed hereto.

(iii) duPont shall use its best efforts to obtain as soon as practicable releases in favor of Hirsch from each of the banks to which Hirsch is indebted as described in the Hirsch Assembly Sheets as money borrowed.

4. Determination of Purchase Price. The purchase price for the assets and properties (including cash, if any) of Hirsch conveyed, assigned, transferred and delivered to duPont shall be the amount by which the value of such assets and properties exceeds the amount of such debts, obligations and liabilities of Hirsch which are required to be assumed by duPont, both determined in accordance with this Section 4. A statement of financial condition of Hirsch as of the Closing Date (the "Hirsch Balance Sheet") will be prepared by Hirsch; Haskins and Sells will perform the procedures outlined in a letter from Haskins & Sells dated June 26, 1970, a copy of which

is annexed as an Exhibit; and Haskins & S[illegible] will render a Letter Report that the net worth of Hirsch as of the Closing Date shown on the Hirsch Balance Sheet is fairly stated on the basis set forth in said letter of June 26, 1970. The value of the assets and properties of Hirsch conveyed, assigned, transferred and delivered to duPont, and the amount of the debts, obligations and liabilities of Hirsch assumed by duPont shall be determined as soon as practicable after the Closing Date by Haskins & Sells solely on the basis of the amounts reflected and reserved for in arriving at net worth in the Hirsch Balance Sheet adjusted by Haskins & Sells if and to the extent necessary in accordance with and subject to the provisions of this Section 4. The determination by Haskins & Sells upon such basis shall not be subject to revision or readjustment for any reason, including without limitation, recoveries, losses, expenses, liabilities or audit, on account of transactions or events before or after the Closing Date, except that duPont shall pay or credit to the Hirsch Liquidating Committee the value of any asset and the amount of any recovery (whenever made) with respect to any claim or other asset ascertained, asserted or found to exist prior to December 31, 1971 and which exceeds $25,000 per item or per customer and which was not reflected or referred to as a claim

or other asset in the Hirsch Balance Sheet. In making such determination Haskins & Sells shall not ascribe any value to accounts of customers; books and records; leases, agreements and other contracts being transferred hereunder; and the Hirsch name or the business of Hirsch, or Hirsch & Co., Incorporated as a going concern, including the good will of such businesses. In making such determination Haskins & Sells shall value furniture and fixtures at the depreciated amount at which such furniture and fixtures are carried on the books as of the Closing Date; securities and memberships being transferred hereunder at the market value thereof at the close of business on the Closing Date; and the shares of Hirsch & Co., Incorporated at book value as adjusted after application of the foregoing rules and a reserve of $175,000 for contingent liabilities. Further, in making such determination, Haskins & Sells shall not ascribe any amount for debts, obligations and liabilities under leases, employment agreements, service contracts, or for any other liabilities of Hirsch required to be assumed by duPont except as accrued to the Closing Date.

5. Manner of Payment of Purchase Price. Promptly after Haskins & Sells has made the determination referred to in Section 4, the purchase price for the assets and properties

to be conveyed, assigned, transferred and delivered to duPont hereunder shall be paid as follows:

(a) By duPont retaining an amount equal to the respective amounts of the general capital contributions, additional general capital contributions, limited capital contributions or subordinated loans, of the persons affiliated with Hirsch who on the Closing Date became general or limited (which shall include special) partners of or subordinated lenders to duPont, or both, reduced by the amounts of any cash or other properties which were paid or delivered directly to duPont pursuant to Section 3(a)(iv) or otherwise for credit to the agreed capital contributions or subordinated loans of such persons, which net amount so retained shall be appropriately credited as of the Closing Date to such persons as the total amount or the balance of, as the case may be, their respective capital contributions and subordinated loans. The total amounts of such general and limited capital contributions shall be as set forth in the duPont Articles as amended, effective as of the Closing Date, and the amounts of the additional capital contributions of general partners and the amounts of such subordinated loans shall be as set forth in a schedule annexed hereto.

(b) By duPont paying to the Hirsch Liquidating Committee, or as such Hirsch Liquidating Committee may direct, the balance of the purchase price, together with interest at

the New York broker's loan rate from the Closing Date to the date of payment. duPont shall have no liabilities to Hirsch or to any of its partners or creditors for making payments in accordance with the instructions of the Hirsch Liquidating Committee.

6. Admission of Hirsch Partners to duPont; Contributions to duPont capital; Compensation.

(a) On the Closing Date the Hirsch General Partners shall be admitted to duPont and shall contribute $1,052,000 of general capital represented by 125 Voting Units and 927 Non-Voting Units. Such general capital shall be in cash or represented by Notes as provided in a schedule annexed hereto. In addition, the Hirsch General Partners, Hirsch Limited Partners, and Hirsch Subordinated Lenders shall contribute or cause to be contributed additional general capital, or limited or special capital or subordinated loan capital in the aggregate amount of not less than $2,948,000. Such additional general capital or limited or special capital or subordinated loan capital of not less than $2,948,000 shall be in cash or in securities, or both. The general, additional general, limited, special and subordinated loan capital if not paid or transferred directly to duPont, shall be effected by

duPont retaining the appropriate amount as provided in Section 5. duPont further agrees to reserve 481 additional Non-Voting Units for subsequent issue to the individuals listed or referred to on a Schedule annexed hereto, and such individuals shall have the right to acquire such Units at $1,000 per Unit up to the number of Units set opposite their names or as otherwise provided on said Schedule. The election hereby given to such individuals must be exercised on or before December 31, 1970 and the Units so acquired shall be deemed acquired as of January 1, 1971. Payment for such additional Units shall be in cash or represented by Notes as duPont may agree or by transfer from any additional general capital, limited capital, special capital or subordinated loan capital which such persons may have in duPont. Any person who acquires such additional Units shall be admitted as a general partner of duPont if he has not theretofore been admitted as a general partner of duPont.

(b) Compensation for additional general cash capital, limited cash capital, and subordinated loan cash capital shall be paid to the persons affiliated with Hirsch who become general, limited, or special partners of, or subordinated lenders to, duPont at the New York prime rate as charged by Chase Manhattan Bank plus 2.5% but not less than 6% per year. The compensation payable on cash capital or any cash loan as

provided in the preceding sentence shall apply to cash originally contributed and to cash substituted for securities where such substitution occurs on or before January 1, 1971, or such later date as may be agreed upon by the Finance Committee. Compensation for capital which is in the form of securities shall be paid at the rate of 5% per year on the capital requirements value of such securities determined under the rules of the New York Stock Exchange.

(c) If securities are contributed or transferred as additional general capital or limited capital or subordinated loan capital, such securities shall have a capital requirements value equivalent to the cash in lieu of which they are being delivered. Securities may be substituted for additional general cash capital or limited cash capital or cash subordinated loan capital on any dates after July 2, 1970, but in such event the securities so substituted shall have a market value equal to the cash for which they are being substituted. Securities initially contributed or thereafter substituted for cash as described in the preceding sentence may be withdrawn upon the deposit of cash equal to the market value of the securities so withdrawn, or such lesser amount as the Finance Committee may authorize.

(d) If duPont has operated at a net loss during the period from the Closing Date to December 31, 1970, then the

share of future profits of any person who elects to acquire additional Units as of January 1, 1971, pursuant to this Section 6, will be reduced by an amount equal to the losses of duPont which he would have borne had he acquired such Units on the Closing Date, and such withheld future profits shall be credited to the Units of duPont which participated in such losses in accordance with their respective interests therein.

(e) The profits and losses of duPont for the periods before and after the Closing Date shall be computed separately and for such purposes adequate reserves and adequate records shall be established as of the Closing Date to reflect and facilitate the identification of any recoveries or losses whenever realized attributable to operations prior to the Closing Date, for example such as those arising out of items described in question categories: 2A, B, C, D, 5, and 7 of the Special Operations Questionnaire of the New York Stock Exchange. Any individual who on July 2, 1970 or thereafter becomes a partner of duPont hereunder will not participate in or be responsible for any losses of duPont of any nature whatsoever realized after the Closing Date arising out of the operation of duPont's business prior to the Closing Date, nor will he participate in any recoveries realized with respect thereto after the Closing Date. All such losses and recoveries will be borne entirely by, inure to the benefit of,

and be the responsibility of the general partners of duPont as they existed immediately prior to the Closing Date.

7. Compensation Arrangements Relating to Hirsch Personnel. The following provisions shall apply with respect to compensation payable to the Hirsch General Partners, Hirsch Limited Partners and employees of Hirsch effective upon the Closing Date:

(a) Certain Partners. In consideration of their respective covenants not to engage in the brokerage business in competition with duPont or any of its subsidiaries in geographical areas in which duPont or any of its subsidiaries now or hereafter engages in the brokerage business, each of Messrs. Howard C. Hirsch, Paul L. Kohns and Marshall S. Mundheim shall receive from duPont annual payments of $25,000 for life, the payment to Mr. Hirsch to commence on the Closing Date and the payments to Messrs. Kohns and Mundheim to commence upon their respective retirements as general partners. In the event of the incorporation of the business of duPont, or in the event of a transfer of all or substantially all of the business of duPont, duPont shall cause such corporate or other successor

to offer in writing to make like payments to Messrs. Hirsch, Kohns and Mundheim on condition that they enter into written agreements providing that they will not compete with the successor, such agreements to be substantially similar to this non-competition agreement with duPont, and thereafter duPont shall have no further liability under the preceding sentence. From the Closing Date to their respective retirements from duPont or any successor Messrs. Kohns and Mundheim, each shall receive an annual salary of $36,000 so long as each of them, respectively, is a general partner of duPont, or a holder of the voting stock of any corporate successor. In addition, duPont and the corporate successor shall furnish Mr. Hirsch at its expense with an office appropriate for a senior partner and secretarial services at its principal office in New York City so long as Mr. Hirsch shall desire the same.

(b) Commissions. The Hirsch partners listed in a Schedule annexed who do not become general partners of duPont, but become special or limited partners of duPont shall receive such

compensation for production from acting as registered representatives as duPont customarily pays to its own similarly situated registered representatives, such compensation to be in addition to any interest which such Hirsch partners may receive on account of their capital contributions to duPont.

(c) Additional Payments for Capital. In addition to the compensation and interest which shall be payable on limited capital under the provisions of the duPont Articles as from time to time in effect, each of Mr. Howard C. Hirsch, Mr. Paul L. Kohns and Mr. Marshall S. Mundheim, so long as they remain partners of duPont, shall receive Additional Payments for the use of his limited capital amounting in the aggregate to 2.5% of the net profits of duPont to be allocated as set forth in a separate letter of instructions signed by Messrs. Hirsch, Kohns and Mundheim and delivered on or after the Closing Date. In the event of the total withdrawal of limited capital by any individual then receiving Additional Payments pursuant to this paragraph, such right to Additional Payments may be transferred as directed by a majority in interest in the balance of the Additional Payments of the other such individuals (i) to any of the other of such

individuals and/or (ii) to Robert J. Fraiman, Seymour Katzenstein and Myron Simons, provided the successor contributes limited capital in an amount necessary, if any, to bring the total limited capital contributed by the individuals referred to in this paragraph to not less than $380,000. This right to Additional Payments amounting in the aggregate to 2.5% of the net profits of duPont shall continue so long as the limited capital of the persons who share such Additional Payments totals at least $380,000. If at any time such total shall fall below $380,000 and shall not, after notice, be promptly increased to not less than $380,000, then the aggregate of such Additional Payments shall be reduced to the same proportion of 2.5% as such total of general and limited capital bears to $380,000. In the event duPont acquires the business of any other firm by merger into duPont or otherwise, or participates in any other reorganization or transfer of its business, the rights to receive the Additional Payments measured by net profits referred to in this paragraph shall not be reduced or modified except to the same extent and on the same terms and conditions as the rights of other persons who are receiving

Additional Payments measured by net profits are reduced or modified. Until incorporation, no action shall be taken by duPont to force withdrawal of the limited capital referred to in this Section 7(c).

(d) Rights to Purchase duPont Stock. In the event that the business of duPont is incorporated, the persons entitled to receive Additional Payments under Section 7(c) shall have the right (pro rata in accordance with the amounts of their respective Additional Payments at the time of exercise) exercisable at any time between the date of incorporation and the effective date, if ever, when duPont shall offer to sell to the public shares of the capital stock of the corporation which is the successor of its business, to buy all or any part of such percentage of the capital stock of duPont to be issued and outstanding upon the completion of such offer as equals the percentage of profits used in computing the Additional Payments to which such persons are then entitled under Section 7(c). The capital stock which such persons may purchase shall be of the same class as that offered to duPont General Partners at the time of incorporation, and the price at which such persons

may purchase such capital stock of duPont upon its incorporation shall be the same price as that paid by the General Partners of duPont, except that if the right to purchase such capital stock is exercised after the initial subscription upon such incorporation the purchase price shall be equivalent to the book value of such capital stock determined as of the date of purchase. If the above described Hirsch partners who are limited partners of duPont at the time of its incorporation at their several election transfer all or part of their capital to the new corporation in the form of subordinated capital, then so long as such subordinated capital remains with the new corporation, the Additional Payments referred to in Section 7(c) shall continue after such incorporation of duPont and shall be equivalent to 2.5% (or such other percentage determined under Section 7(c)) of net income before such Additional Payments (after taxes computed on net income after such Additional Payments) of the corporation which succeeds to the business of duPont and shall continue until the earlier of (i) the date on which the offer by duPont (incorporated) to sell to the public shares of its capital stock becomes effective or (ii) the exercise of the right by the persons referred to in

this Section 7(d) to purchase part of the capital stock of duPont (incorporated). After the incorporation of duPont and until the right to Additional Payments ceases as provided in the preceding sentence, the right of any person to share in such 2.5% of the net income of the new corporation may be transferred to any of the individuals to whom the equivalent right could have been transferred pursuant to Section 7(c), and such transferees shall have the pro rata right to purchase stock of the corporation in the same manner as his predecessor in interest.

(e) Other Partners. Salaries to other general partners upon their admission to duPont shall be as listed on a Schedule annexed hereto.

8. Customer Accounts. On the Closing Date duPont shall transfer to its books all of the customers' accounts, including securities, maintained by Hirsch on its books at the close of business on the Closing Date but excluding accounts which the customers have directed should not be transferred, and subordinated and discretionary accounts in which no written authorization for such transfers to duPont have been received. In connection with the liquidation of any account duPont is hereby authorized to bring suit or take such other

action as may be required in the name of Hirsch. The Hirsch General Partners shall use their best efforts to assure that all customers of Hirsch become customers of duPont.

9. Covenant Not to Compete. Each of the Hirsch General Partners and Hirsch Limited Partners agrees not to enter into competition with duPont in the brokerage or investment business under the name of "Hirsch & Co.".

10. Expenses. duPont shall assume all costs relating to the transfer and assumption of assets and liabilities hereunder, including the costs of transferring customer accounts and securities and the costs of liquidating any assets, equipment, leases or other property of Hirsch transferred hereunder (including any liabilities or claims resulting from the failure to obtain consents of customers to the transfer of their securities and their accounts, margin or otherwise, to duPont, and from the failure to obtain consents of landlords and others to the transfer of leases). duPont shall pay to the Hirsch Liquidating Committee, or as it may direct, any sales tax that may be payable with respect to the properties sold. Hirsch and duPont shall in all other respects be responsible for their respective accounting and legal expenses pertaining to the transactions contemplated hereby.

11. Transfer of Partnership Interests. If any Hirsch General Partner who becomes a general partner of duPont

dies, retires or for any other reason ceases to be such a general partner prior to December 31, 1971, his Units may be retired or allocated by a committee consisting of Mr. Paul L. Kohns, Mr. Marshall S. Mundheim and Mr. Robert J. Fraiman to and purchased (at the price of $1,000 per Unit) by one or more of the remaining Hirsch General Partners as such committee may determine with the approval of duPont, which approval shall not be unreasonably withheld.

12. Withdrawal. Any Hirsch General Partner or Hirsch Limited Partner or Hirsch Subordinated Lender who becomes a general or limited partner of or Subordinated Lender to duPont, by notice given to the Executive Committee not later than December 21, 1970, may retire from the partnership or withdraw his subordinated loan, effective at the end of business on December 31, 1970, and the amount of his general capital, additional general capital, limited capital, and subordinated loan capital shall be paid to him on January 2, 1971 provided no notice has been received by duPont from the New York Stock Exchange prior to the close of business on December 31, 1970 which either prohibits such repayment and all other repayments of capital at or about the same time or notifies duPont that such repayments would be in violation of any rule of the New York Stock Exchange, and further, any such payment to a retiring partner on January 2, 1971 shall

be subject to the withholding of such reasonable reserves for his share of losses, if any, as the Finance Committee may determine, and the balance of the value of his interest shall be determined and paid as promptly thereafter as practicable together with interest thereon at the prime rate then charged by The Chase Manhattan Bank. Nothing in this Section 12 shall be deemed to be in derogation of or in any way to diminish the rights which any such general or limited partner would otherwise have in the absence of the provisions of this Section 12.

13. Indemnification. duPont shall and does hereby indemnify and hold harmless the Hirsch Liquidating Committee, Hirsch and everyone who is or was a partner of Hirsch from and against any losses, damages and expenses arising from or growing out of any liabilities or claims against Hirsch, or any of its partners, or the Hirsch Liquidating Committee, now or hereafter existing which duPont has assumed under this Agreement.

14. Miscellaneous. Consummation of this Agreement is conditioned upon the prior or simultaneous closing of the transaction contemplated by the attached agreement with Glore and the continuation of the business of the partnership under the firm name of F. I. duPont, Glore Forgan & Co. All reference

herein to duPont shall be deemed to refer to and include the partnership under its new name. This Agreement may be amended only by a writing signed by all the parties. This Agreement is to be construed and governed in accordance with the laws of the State of New York.

15. Binding Effect of Agreement. This Agreement shall be enforceable and binding upon the heirs, executors, successors and assigns of the parties hereto. Where any of the provisions of this Agreement are or should be found to be in conflict with the duPont Articles of Partnership or any subordinated loan agreement entered into pursuant to this Agreement then the provisions of this Agreement shall prevail.

16. Arbitration. Anything herein contained to the contrary notwithstanding any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Constitution and Rules of the New York Stock Exchange, and if for any reason such arbitration proceedings cannot be held then any controversy or claim arising out of or relating to this Agreement, or any breach hereof, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association, and such arbitration shall be held in the City and State of New York. Judgment upon the award rendered in either such arbitration may be entered in any court having jurisdiction thereof.

17. Further Assurances. Each of the parties hereto hereby agrees to execute and deliver such instruments, certificates, undertakings and other documents as may be necessary or desirable to perfect, further and carry out the conveyances, assumptions and other transactions contemplated by this Agreement and to do all further acts and things necessary or desirable to that end.

18. Counterparts. This Agreement may be executed in any number of counterparts.

IN WITNESS WHEREOF the undersigned have hereunto set their hands as of the day and year first above written.

FRANCIS I, duPONT & CO.
by the following General Partner
constituting a majority in inter

HIRSCH & CO.
A dissolved partnership in
liquidation by its
Liquidating Committee

HIRSCH GENERAL PARTNERS

HIRSH LIMITED PARTNERS

E J Ross

Daniel J. Quinn

Arthur A. Shaffer

Milton C. Altenbaugh

Clifford C. Hollander

Florence B. Randolph

HIRSCH SUBORDINATED LENDERS

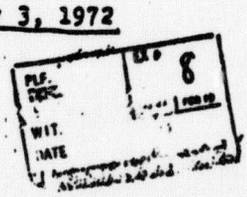
3

AGREEMENT SUBORDINATING ACCOUNT

THIS AGREEMENT, made as of the 4th day of January, 1971, between F. I. duPont, Glore Forgan & Co., a partnership formed under the laws of the State of New York (such partnership as presently constituted and as it may be hereafter constituted from time to time, and any successor thereto, being hereinafter called the Firm) and Howard C. Hirsch (the Lender), an individual residing at 111 East 56th Street, New York, N.Y.

W I T N E S S E T H :

The Lender has on the day first above written established an account with the Firm into which the Lender deposited the property listed on Schedule A hereto annexed and loaned said property to the Firm. The Lender may from time to time add additional cash and securities and other property to said account. All cash, securities and other property at any time or from time to time in such account (including any securities resulting from the split up, exchange or conversion of any securities in such account or any liquidating distributions received on any securities in such account), and any interests of the Lender therein, are hereinafter collectively referred to as the Subordinated Property. The Subordinated Property does not include any other accounts which the Lender may now have or may hereafter establish with the Firm. The Firm undertakes and agrees that it will deliver all of the Subordinated Property to the Lender on July 3, 1972



(hereinafter called the Maturity Date) at the Firm's principal office. The term "Maturity Date" shall also mean such date earlier than July 3, 1972 when the obligation hereunder may mature as provided below. The Firm also agrees to pay or assign to the Lender promptly after receipt by it, the amount of any interest, rights, cash or regular stock dividends (other than liquidating distributions or stock issued as the result of a stock split or of an exchange or conversion of any security) with respect to any security constituting Subordinated Property hereunder, the right to which the Lender hereby reserves. Default by the Firm in making any such payment or assignment shall not accelerate the Maturity Date or any other obligations of the Firm hereunder, which obligations shall remain subordinated as hereinafter provided.

The Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to the Subordinated Property only (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Firm, to the claims of all other present and future creditors of the Firm (other than other subordinated creditors as hereinafter provided) arising out of any matter occurring prior to the Maturity Date and that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, liquidation, or any other marshalling of the assets and liabilities of the Firm, the Lender shall not be entitled to participate or share, ratably or otherwise, in the distribution of

the assets of the Firm until all claims of all other present and future creditors of the Firm (other than other subordinated creditors as hereinafter provided) arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any Subordinated Property may be used, pledged, sold, disposed of or transferred or otherwise treated by the Firm as its own property and the Subordinated Property or the proceeds of any sale or sales thereof may be applied by the Firm to the claims of all other creditors of the Firm as fully to all intents and purposes as though the same were property of the Firm. If any of the cash, securities, other property or interests therein from time to time constituting the Subordinated Property are sold, transferred or disposed of by anyone to whom the same have been pledged, the Lender shall have a contract claim against the Firm for the return of such cash or like securities or property, or interests therein, to the same extent he would have had if he loaned the same to the Firm at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided. Notwithstanding anything herein contained to the contrary, the rights of the Lender hereunder shall be on a parity with the rights of any other present or future subordinated creditor of the Firm under any subordination agreement between such creditor and the Firm, excepting the rights of PHM Corporation (PHM), a corporation organized and existing under the laws of the District of Columbia, under a subordinated account agreement made as of

December 16, 1970 pursuant to Item 1 of a certain agreement (the Summary Agreement) between the Firm and PHM and excepting the rights of any other subordinated creditor which are or may be superior to or on a parity with such rights of PHM under the provisions of such subordinated account agreement, the Summary Agreement, certain additional agreements (the Detailed Contract Provisions and the Addendum) between the Firm and PHM or a certain agreement (the Firm-Hirsch Agreement), dated December 14, 1970, between the Firm and certain former partners of and subordinated lenders to Hirsch & Co., a dissolved New York limited partnership in liquidation, and to the extent not inconsistent with the Firm-Hirsch Agreement excepting the rights of any subordinated creditor under any subordination agreement which expressly provides that the rights of the creditor thereunder shall not be subordinated to the rights of other subordinated creditors occupying a position similar to that of the Lender hereunder.

The Lender further agrees that until the Maturity Date, he will not be entitled to withdraw any money, securities, other property, or interests therein, from said account or accounts except in the circumstances and on the terms and conditions set forth in paragraph 3 of the Firm-Hirsch Agreement, the terms of which are incorporated herein by reference. If PHM shall withdraw any property in the account established by it pursuant to Item 1 of the Summary Agreement prior to the acquisition of the business of the Firm by a new corporation to be formed to succeed to such business as provided for in the Summary Agreement, the obligations of the Firm hereunder shall mature on the date of such withdrawal but without affecting in any way the sub-

ordinated status of the Subordinated Property as provided for herein. If prior to such acquisition the limited and general capital of the general, limited and special partners of the Firm and the indebtedness of the Firm which is subordinate to the indebtedness hereby created, as adjusted to reflect the results of the Firm's operations, shall be less than Eight Million Five Hundred Thousand Dollars ($8,500,000) in the aggregate or would, as a result of notices of withdrawal received, be less than such aggregate amount, the obligations of the Firm hereunder shall mature on the date of the withdrawal which causes the total of such capital contributions and indebtedness to fall below such amount. It is understood that (a) the only notices of withdrawal which are intended to be included within the scope of the preceding sentence are those which have in fact become effective so that the property subject to such notices has ceased o have "net capital value" (as hereinafter defined) under the rules of the New York Stock Exchange, and (b) for purposes of the preceding sentence, a computation of capital contributions and subordinated indebtedness shall be made on May 15, 1971 and on the 15th day of each month thereafter (up to and including acquisition of the business of the Firm by its successor corporation referred to above), each such computation to be as of the end of the preceding calendar month, and the acceleration of the obligations of the Firm hereunder as provided for in the preceding sentence shall not take effect unless and until such a computation evidences a basis for such acceleration. If a computation of capital contributions and subordinated indebtedness is

not made and notice thereof given to the Lender within fifteen (15) days after the 15th day of any month as herein required, then the acceleration shall be deemed to have occurred on the 30th day of such month. In the event of the death of the Lender, the indebtedness hereby created shall be repaid in full in accordance with the provisions applicable to the repayment of the capital contribution of a general partner upon his death contained in the limited partnership agreement of the aforesaid Hirsch & Co. in effect on July 2, 1970. The obligations of the Firm hereunder shall forthwith mature, together with interest accrued thereon, in the event of any receivership, insolvency, bankruptcy, assignment for benefit of creditors, reorganization whether or not pursuant to bankruptcy laws (excepting any transfer of the business of the Firm to a new corporation as provided for in the Summary Agreement), liquidation or any other marshalling of the assets and liabilities of the Firm. The indebtedness hereby created may not be paid or any Subordinated Property returned in whole or in part pursuant to the provisions of this paragraph without prior written notice to the New York Stock Exchange, and the Lender's right to repayment of the indebtedness hereby created or the return of any of the Subordinated Property on or prior to the Maturity Date shall be subordinate as hereinabove provided. If the indebtedness hereby created is paid or the Subordinated Property returned in whole or in part on or prior to the Maturity Date, whether or not pursuant to the provisions of this paragraph, and if at the time of any such payment the Firm was insolvent, the Lender agrees irrevocably for himself, his heirs, executors,

administrators and assigns (whether or not the Lender had any knowledge or notice of such insolvency at the time of any such payment) to repay or redeliver to the Firm, its successor or assigns, the sum so paid or the Subordinated Property so returned to him for the benefit of all other creditors of the Firm; provided, however, that any suit for the recovery of any such payment or for any such redelivery must be commenced within one year of the date of such payment.

The Firm shall pay interest to the Lender at an annual rate equal to the prime commercial rate of interest charged from day to day by The Chase Manhattan Bank plus two and one-half (2-1/2) percent, but in no event less than six (6) percent per year, on any cash from time to time in said account or accounts (whether originally contributed or substituted for securities as hereinafter provided) and at the rate of five (5) percent per year on the "net capital value" (as hereinafter defined) of the securities in said account or accounts. As used in this agreement, the term "net capital value" shall mean so much of the market value of such securities as is allowed as net capital of the Firm under Rule 325 of the Board of Governors of the New York Stock Exchange as from time to time in effect. The first installment of interest shall be paid on March 31, 1971 and thereafter said interest shall be paid quarterly on or before the last business day of each March, June, September and December prior to the Maturity Date, based upon net capital values under said Rule 325 determined as of the close of business on March 1, 1971 with respect to the first such payment, and thereafter as of the close of the first business day of the month in which payment is due.

Default in the payment of such interest shall not accelerate the Maturity Date and the Firm's obligation hereunder shall remain subordinated as hereinabove provided.

Any other provision herein to the contrary notwithstanding, the Lender shall have the right to have returned to him by the Firm at any time on demand, without notice to or consent of the New York Stock Exchange, money or securities in said account or accounts if the Lender assigns and delivers to the Firm in place thereof (i) money equal to the then net capital value under said Rule 325 of the securities so returned or other securities as readily marketable as, and having a net capital value at least equal to, the then net capital value of the securities so returned or (ii) government or municipal bonds having a net capital value at least equal to the money so returned.

The indebtedness created hereby is not being made in reliance upon the standing of the Firm as a member organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Firm or its capital position. The Lender has made such investigation of the Firm and its partners as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Firm and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Firm which it may have, now or at any future time. The Lender agrees for himself, his heirs, executors, administrators and assigns, that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of said Exchange or Fund shall be liable to the Lender with respect to the indebtedness created hereby or the repayment thereof or of

any interest thereon.

The provisions of this agreement shall be binding upon and inure to the benefit of the Firm, its successors and assigns (including without limitation the successor corporation of the Firm referred to herein) and the Lender, his heirs, executors, administrators and assigns.

This agreement shall be effective as of the date first above written, provided that it is approved by the New York Stock Exchange not later than January 15, 1971. In the event that this agreement is not so approved by said date, it shall be deemed null and void from its inception and the Firm shall immediately return to the Lender all property in any of the aforesaid accounts maintained by the Lender with the Firm or otherwise delivered by the Lender to the Firm pursuant hereto.

This instrument, together with the Firm-Hirsch Agreement, embodies the entire agreement between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 4th day of January, 1971.

F. I. duPONT, GLORE FORGAN & CO.

By _____
(A General Partner)

_____
(Lender)

SCHEDULE A

Seventy-five per cent (75%) of the limited partner capital of the Lender in the Firm at December 14, 1970, which 75% is agreed to be $300,000.

X

Addendum to Agreement Subordinating Account between
F. I. duPont, Glore Forgan & Co.
(the Firm) and
Howard C. Hirsch
(the Lender) dated as of
January 4, 1971

If the obligation of the Firm hereunder shall mature prior to July 3, 1972, the Lender, in his sole discretion, may extend this agreement to July 3, 1972. Further, this agreement may be renewed, and all the terms and conditions hereof shall continue in full force and effect, until January 2, 1974 if the Lender shall have delivered to the Firm not less than five (5) days prior to the Maturity Date written notice to the effect that this agreement shall be so renewed. In the event of any such renewal, the cash and/or securities in the account at that time may be reduced in the sole discretion of the Lender, and the term "Maturity Date" as used in this agreement shall, unless the context otherwise requires, be deemed to mean the date to which this agreement shall be so renewed.

F. I. duPONT, GLORE FORGAN & CO.

By _____
A General Partner

_____
Lender

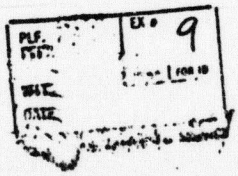
3

AGREEMENT SUBORDINATING ACCOUNT

THIS AGREEMENT, made as of the 4th day of January, 1971, between F. I. duPont, Glore Forgan & Co., a partnership formed under the laws of the State of New York (such partnership as presently constituted and as it may be hereafter constituted from time to time, and any successor thereto, being hereinafter called the Firm) and Paul L. Kohns (the Lender), an individual residing at Kirby Lane, Rye, New York.

W I T N E S S E T H :

The Lender has on the day first above written established an account with the Firm into which the Lender deposited the property listed on Schedule A hereto annexed and loaned said property to the Firm. The Lender may from time to time add additional cash and securities and other property to said account. All cash, securities and other property at any time or from time to time in such account (including any securities resulting from the split up, exchange or conversion of any securities in such account or any liquidating distributions received on any securities in such account), and any interests of the Lender therein, are hereinafter collectively referred to as the Subordinated Property. The Subordinated Property does not include any other accounts which the Lender may now have or may hereafter establish with the Firm. The Firm undertakes and agrees that it will deliver all of the Subordinated Property to the Lender on July 3, 1972



(hereinafter called the Maturity Date) at the Firm's principal office. The term "Maturity Date" shall also mean such date earlier than July 3, 1972 when the obligation hereunder may mature as provided below. The Firm also agrees to pay or assign to the Lender promptly after receipt by it, the amount of any interest, rights, cash or regular stock dividends (other than liquidating distributions or stock issued as the result of a stock split or of an exchange or conversion of any security) with respect to any security constituting Subordinated Property hereunder, the right to which the Lender hereby reserves. Default by the Firm in making any such payment or assignment shall not accelerate the Maturity Date or any other obligations of the Firm hereunder, which obligations shall remain subordinated as hereinafter provided.

The Lender does hereby irrevocably agree for himself, his heirs, executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to the Subordinated Property only (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Firm, to the claims of all other present and future creditors of the Firm (other than other subordinated creditors as hereinafter provided) arising out of any matter occurring prior to the Maturity Date and that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, liquidation, or any other marshalling of the assets and liabilities of the Firm, the Lender shall not be entitled to participate or share, ratably or otherwise, in the distribution of

the assets of the Firm until all claims of all other present and future creditors of the Firm (other than other subordinated creditors as hereinafter provided) arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any Subordinated Property may be used, pledged, sold, disposed of or transferred or otherwise treated by the Firm as its own property and the Subordinated Property or the proceeds of any sale or sales thereof may be applied by the Firm to the claims of all other creditors of the Firm as fully to all intents and purposes as though the same were property of the Firm. If any of the cash, securities, other property or interests therein from time to time constituting the Subordinated Property are sold, transferred or disposed of by anyone to whom the same have been pledged, the Lender shall have a contract claim against the Firm for the return of such cash or like securities or property, or interests therein, to the same extent he would have had if he loaned the same to the Firm at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided. Notwithstanding anything herein contained to the contrary, the rights of the Lender hereunder shall be on a parity with the rights of any other present or future subordinated creditor of the Firm under any subordination agreement between such creditor and the Firm, excepting the rights of PHM Corpor[illegible] (PHM), a corporation organized and existing under the la[illegible] the District of Columbia, under a subordinated account agreement made as of

December 16, 1970 pursuant to Item 1 of a certain agreement (the Summary Agreement) between the Firm and PHM and excepting the rights of any other subordinated creditor which are or may be superior to or on a parity with such rights of PHM under the provisions of such subordinated account agreement, the Summary Agreement, certain additional agreements (the Detailed Contract Provisions and the Addendum) between the Firm and PHM or a certain agreement (the Firm-Hirsch Agreement), dated December 14, 1970, between the Firm and certain former partners of and subordinated lenders to Hirsch & Co., a dissolved New York limited partnership in liquidation, and to the extent not inconsistent with the Firm-Hirsch Agreement excepting the rights of any subordinated creditor under any subordination agreement which expressly provides that the rights of the creditor thereunder shall not be subordinated to the rights of other subordinated creditors occupying a position similar to that of the Lender hereunder.

The Lender further agrees that until the Maturity Date, he will not be entitled to withdraw any money, securities, other property, or interests therein, from said account or accounts except in the circumstances and on the terms and conditions set forth in paragraph 3 of the Firm-Hirsch Agreement, the terms of which are incorporated herein by reference. If PHM shall withdraw any property in the account established by it pursuant to Item 1 of the Summary Agreement prior to the acquisition of the business of the Firm by a new corporation to be formed to succeed to such business as provided for in the Summary Agreement, the obligations of the Firm hereunder shall mature on the date of such withdrawal but without affecting in any way the sub-

ordinated status of the Subordinated Property as provided for herein. If prior to such acquisition the limited and general capital of the general, limited and special partners of the Firm and the indebtedness of the Firm which is subordinate to the indebtedness hereby created, as adjusted to reflect the results of the Firm's operations, shall be less than Eight Million Five Hundred Thousand Dollars ($8,500,000) in the aggregate or would, as a result of notices of withdrawal received, be less than such aggregate amount, the obligations of the Firm hereunder shall mature on the date of the withdrawal which causes the total of such capital contributions and indebtedness to fall below such amount. It is understood that (a) the only notices of withdrawal which are intended to be included within the scope of the preceding sentence are those which have in fact become effective so that the property subject to such notices has ceased to have "net capital value" (as hereinafter defined) under the rules of the New York Stock Exchange, and (b) for purposes of the preceding sentence, a computation of capital contributions and subordinated indebtedness shall be made on May 15, 1971 and on the 15th day of each month thereafter (up to and including acquisition of the business of the Firm by its successor corporation referred to above), each such computation to be as of the end of the preceding calendar month, and the acceleration of the obligations of the Firm hereunder as provided for in the preceding sentence shall not take effect unless and until such a computation evidences a basis for such acceleration. If a computation of capital contributions and subordinated indebtedness is

not made and notice thereof given to the Lender within fifteen (15) days after the 15th day of any month as herein required, then the acceleration shall be deemed to have occurred on the 30th day of such month. In the event of the death of the Lender, the indebtedness hereby created shall be repaid in full in accordance with the provisions applicable to the repayment of the capital contribution of a general partner upon his death contained in the limited partnership agreement of the aforesaid Hirsch & Co. in effect on July 2, 1970. The obligations of the Firm hereunder shall forthwith mature, together with interest accrued thereon, in the event of any receivership, insolvency, bankruptcy, assignment for benefit of creditors, reorganization whether or not pursuant to bankruptcy laws (excepting any transfer of the business of the Firm to a new corporation as provided for in the Summary Agreement), liquidation or any other marshalling of the assets and liabilities of the Firm. The indebtedness hereby created may not be paid or any Subordinated Property returned in whole or in part pursuant to the provisions of this paragraph without prior written notice to the New York Stock Exchange, and the Lender's right to repayment of the indebtedness hereby created or the return of any of the Subordinated Property on or prior to the Maturity Date shall be subordinate as hereinabove provided. If the indebtedness hereby created is paid or the Subordinated Property returned in whole or in part on or prior to the Maturity Date, whether or not pursuant to the provisions of this paragraph, and if at the time of any such payment the Firm was insolvent, the Lender agrees irrevocably for himself, his heirs, executors,

administrators and assigns (whether or not the Lender had any knowledge or notice of such insolvency at the time of any such payment) to repay or redeliver to the Firm, its successor or assigns, the sum so paid or the Subordinated Property so returned to him for the benefit of all other creditors of the Firm; provided, however, that any suit for the recovery of any such payment or for any such redelivery must be commenced within one year of the date of such payment.

The Firm shall pay interest to the Lender at an annual rate equal to the prime commercial rate of interest charged from day to day by The Chase Manhattan Bank plus two and one-half (2-1/2) percent, but in no event less than six (6) percent per year, on any cash from time to time in said account or accounts (whether originally contributed or substituted for securities as hereinafter provided) and at the rate of five (5) percent per year on the "net capital value" (as hereinafter defined) of the securities in said account or accounts. As used in this agreement, the term "net capital value" shall mean so much of the market value of such securities as is allowed as net capital of the Firm under Rule 325 of the Board of Governors of the New York Stock Exchange as from time to time in effect. The first installment of interest shall be paid on March 31, 1971 and thereafter said interest shall be paid quarterly on or before the last business day of each March, June, September and December prior to the Maturity Date, based upon net capital values under said Rule 325 determined as of the close of business on March 1, 1971 with respect to the first such payment, and thereafter as of the close of the first business day of the month in which payment is due.

Default in the payment of such interest shall not accelerate the Maturity Date and the Firm's obligation hereunder shall remain subordinated as hereinabove provided.

Any other provision herein to the contrary notwithstanding, the Lender shall have the right to have returned to him by the Firm at any time on demand, without notice to or consent of the New York Stock Exchange, money or securities in said account or accounts if the Lender assigns and delivers to the Firm in place thereof (i) money equal to the then net capital value under said Rule 325 of the securities so returned or other securities as readily marketable as, and having a net capital value at least equal to, the then net capital value of the securities so returned or (ii) government or municipal bonds having a net capital value at least equal to the money so returned.

The indebtedness created hereby is not being made in reliance upon the standing of the Firm as a member organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Firm or its capital position. The Lender has made such investigation of the Firm and its partners as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Firm and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Firm which it may have, now or at any future time. The Lender agrees for himself, his heirs, executors, administrators and assigns, that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of said Exchange or Fund shall be liable to the Lender with respect to the indebtedness created hereby or the repayment thereof or of

any interest thereon.

The provisions of this agreement shall be binding upon and inure to the benefit of the Firm, its successors and assigns (including without limitation the successor corporation of the Firm referred to herein) and the Lender, his heirs, executors, administrators and assigns.

This agreement shall be effective as of the date first above written, provided that it is approved by the New York Stock Exchange not later than January 15, 1971. In the event that this agreement is not so approved by said date, it shall be deemed null and void from its inception and the Firm shall immediately return to the Lender all property in any of the aforesaid accounts maintained by the Lender with the Firm or otherwise delivered by the Lender to the Firm pursuant hereto.

This instrument, together with the Firm-Hirsch Agreement, embodies the entire agreement between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 4th day of January, 1971.

F. I. duPONT, GLORE FORGAN & CO.

By _____
(A General Partner)

_____
(Lender)

SCHEDULE A

The cash constituting the general and limited partner capital accounts of the Lender in the Firm, which it is agreed is $900,000, less the Lender's share of any losses of the Firm for the period July 2, 1970 through December 31, 1970.

Addendum to Agreement Subordinating Account between F. I. duPont, Glore Forgan & Co. (the Firm) and Paul Kohns (the Lender) dated as of January 4, 1971

If the obligation of the Firm hereunder shall mature prior to July 3, 1972, the Lender, in his sole discretion, may extend this agreement to July 3, 1972. Further, this agreement may be renewed, and all the terms and conditions hereof shall continue in full force and effect, until January 3, 1974 if the Lender shall have delivered to the Firm not less than five (5) days prior to the Maturity Date written notice to the effect that this agreement shall be so renewed. In the event of any such renewal, the cash and/or securities in the account at that time may be reduced in the sole discretion of the Lender, and the term "Maturity Date" as used in this agreement shall, unless the context otherwise requires, be deemed to mean the date to which this agreement shall be so renewed.

F. I. duPONT, GLORE FORGAN & CO.

By _____
A General Partner

_____
Lender

F. J.

AGREEMENT SUBORDINATING ACCOUNT

THIS AGREEMENT, made as of the 4th day of January, 1971, between F. I. duPont, Glore Forgan & Co., a partnership formed under the laws of the State of New York (such partnership as presently constituted and as it may be hereafter constituted from time to time, and any successor thereto, being hereinafter called the Firm) and Marshall S. Mandheim (the Lender), an individual residing at 184 East 64th Street, New York, N.Y. 10021

W I T N E S S E T H :

The Lender has on the day first above written established an account with the Firm into which the Lender deposited the property listed on Schedule A hereto annexed and loaned said property to the Firm. The Lender may from time to time add additional cash and securities and other property to said account. All cash, securities and other property at any time or from time to time in such account (including any securities resulting from the split up, exchange or conversion of any securities in such account or any liquidating distributions received on any securities in such account), and any interests of the Lender therein, are hereinafter collectively referred to as the Subordinated Property. The Subordinated Property does not include any other accounts which the Lender may now have or may hereafter establish with the Firm. The Firm undertakes and agrees that it will deliver all of the Subordinated Property to the Lender on July 3, 1972

PLF. Ex. 10
WIT.
DATE

(hereinafter called the Maturity Date) at the Firm's principal office. The term "Maturity Date" shall also mean such date earlier than July 3, 1972 when the obligation hereunder may mature as provided below. The Firm also agrees to pay or assign to the Lender promptly after receipt by it, the amount of any interest, rights, cash or regular stock dividends (other than liquidating distributions or stock issued as the result of a stock split or of an exchange or conversion of any security) with respect to any security constituting Subordinated Property hereunder, the right to which the Lender hereby reserves. Default by the Firm in making any such payment or assignment shall not accelerate the Maturity Date or any other obligations of the Firm hereunder, which obligations shall remain subordinated as hereinafter provided.

The Lender does hereby irrevocably agree for himself, his heirs executors, administrators and assigns to subordinate and hereby irrevocably does subordinate any and all claims with respect to the Subordinated Property only (whether for money, securities, other property, or interests therein) which he, as owner, creditor or otherwise, may now or at any time hereafter have against the Firm, to the claims of all other present and future creditors of the Firm (other than other subordinated creditors as hereinafter provided) arising out of any matter occurring prior to the Maturity Date and that, in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to bankruptcy laws, liquidation, or any other marshalling of the assets and liabilities of the Firm, the Lender shall not be entitled to participate or share, ratably or otherwise, in the distribution of

the assets of the Firm until all claims of all other present and future creditors of the Firm (other than other subordinated creditors as hereinafter provided) arising out of any matter occurring prior to the Maturity Date have been fully satisfied, or provision has been made therefor. Any Subordinated Property may be used, pledged, sold, disposed of or transferred or otherwise treated by the Firm as its own property and the Subordinated Property or the proceeds of any sale or sales thereof may be applied by the Firm to the claims of all other creditors of the Firm as fully to all intents and purposes as though the same were property of the Firm. If any of the cash, securities, other property or interests therein from time to time constituting the Subordinated Property are sold, transferred or disposed of by anyone to whom the same have been pledged, the Lender shall have a contract claim against the Firm for the return of such cash or like securities or property, or interests therein, to the same extent he would have had if he loaned the same to the Firm at the time of sale, but such contract claim shall be and remain subordinated to the claims of all other creditors as above provided. Notwithstanding anything herein contained to the contrary, the rights of the Lender hereunder shall be on a parity with the rights of any other present or future subordinated creditor of the Firm under any subordination agreement between such creditor and the Firm, excepting the rights of PHM Corporation (PHM), a corporation organized and existing under the laws of the District of Columbia, under a subordinated account agreement made as of

December 16, 1970 pursuant to Item 1 of a certain agreement (the Summary Agreement) between the Firm and PHM and excepting the rights of any other subordinated creditor which are or may be superior to or on a parity with such rights of PHM under the provisions of such subordinated account agreement, the Summary Agreement, certain additional agreements (the Detailed Contract Provisions and the Addendum) between the Firm and PHM or a certain agreement (the Firm-Hirsch Agreement), dated December 14, 1970, between the Firm and certain former partners of and subordinated lenders to Hirsch & Co., a dissolved New York limited partnership in liquidation, and to the extent not inconsistent with the Firm-Hirsch Agreement excepting the rights of any subordinated creditor under any subordination agreement which expressly provides that the rights of the creditor thereunder shall not be subordinated to the rights of other subordinated creditors oc upying a position similar to that of the Lender hereunder.

The Lender further agrees that until the Maturity Date, he will not be entitled to withdraw any money, securities, other property, or interests therein, from said account or accounts except in the circumstances and on the terms and conditions set forth in paragraph 3 of the Firm-Hirsch Agreement, the terms of which are incorporated herein by reference. If PHM shall withdraw any property in the account established by it pursuant to Item 1 of the Summary Agreement prior to the acquisition of the business of the Firm by a new corporation to be formed to succeed to such business as provided for in the Summary Agreement, the obligations of the Firm hereunder shall mature on the date of such withdrawal but without affecting in any way the sub-

ordinated status of the Subordinated Property as provided for herein. If prior to such acquisition the limited and general capital of the general, limited and special partners of the Firm and the indebtedness of the Firm which is subordinate to the indebtedness hereby created, as adjusted to reflect the results of the Firm's operations, shall be less than Eight Million Five Hundred Thousand Dollars ($8,500,000) in the aggregate or would, as a result of notices of withdrawal received, be less than such aggregate amount, the obligations of the Firm hereunder shall mature on the date of the withdrawal which causes the total of such capital contributions and indebtedness to fall below such amount. It is understood that (a) the only notices of withdrawal which are intended to be included within the scope of the preceding sentence are those which have in fact become effective so that the property subject to such notices has ceased to have "net capital value" (as hereinafter defined) under the rules of the New York Stock Exchange, and (b) for purposes of the preceding sentence, a computation of capital contributions and subordinated indebtedness shall be made on May 15, 1971 and on the 15th day of each month thereafter (up to and including acquisition of the business of the Firm by its successor corporation referred to above), each such computation to be as of the end of the preceding calendar month, and the acceleration of the obligations of the Firm hereunder as provided for in the preceding sentence shall not take effect unless and until such a computation evidences a basis for such acceleration. If a computation of capital contributions and subordinated indebtedness is

not made and notice thereof given to the Lender within fifteen (15) days after the 15th day of any month as herein required, then the acceleration shall be deemed to have occurred on the 30th day of such month. In the event of the death of the Lender, the indebtedness hereby created shall be repaid in full in accordance with the provisions applicable to the repayment of the capital contribution of a general partner upon his death contained in the limited partnership agreement of the aforesaid Hirsch & Co. in effect on July 2, 1970. The obligations of the Firm hereunder shall forthwith mature, together with interest accrued thereon, in the event of any receivership, insolvency, bankruptcy, assignment for benefit of creditors, reorganization whether or not pursuant to bankruptcy laws (excepting any transfer of the business of the Firm to a new corporation as provided for in the Summary Agreement), liquidation or any other marshalling of the assets and liabilities of the Firm. The indebtedness hereby created may not be paid or any Subordinated Property returned in whole or in part pursuant to the provisions of this paragraph without prior written notice to the New York Stock Exchange, and the Lender's right to repayment of the indebtedness hereby created or the return of any of the Subordinated Property on or prior to the Maturity Date shall be subordinate as hereinabove provided. If the indebtedness hereby created is paid or the Subordinated Property returned in whole or in part on or prior to the Maturity Date, whether or not pursuant to the provisions of this paragraph, and if at the time of any such payment the Firm was insolvent, the Lender agrees irrevocably for himself, his heirs, executors,

administrators and assigns (whether or not the Lender had any knowledge or notice of such insolvency at the time of any such payment) to repay or redeliver to the Firm, its successor or assigns, the sum so paid or the Subordinated Property so returned to him for the benefit of all other creditors of the Firm; provided, however, that any suit for the recovery of any such payment or for any such redelivery must be commenced within one year of the date of such payment.

The Firm shall pay interest to the Lender at an annual rate equal to the prime commercial rate of interest charged from day to day by The Chase Manhattan Bank plus two and one-half (2-1/2) percent, but in no event less than six (6) percent per year, on any cash from time to time in said account or accounts (whether originally contributed or substituted for securities as hereinafter provided) and at the rate of five (5) percent per year on the "net capital value" (as hereinafter defined) of the securities in said account or accounts. As used in this agreement, the term "net capital value" shall mean so much of the market value of such securities as is allowed as net capital of the Firm under Rule 325 of the Board of Governors of the New York Stock Exchange as from time to time in effect. The first installment of interest shall be paid on March 31, 1971 and thereafter said interest shall be paid quarterly on or before the last business day of each March, June, September and December prior to the Maturity Date, based upon net capital values under said Rule 325 determined as of the close of business on March 1, 1971 with respect to the first such payment, and thereafter as of the close of the first business day of the month in which payment is due.

Default in the payment of such interest shall not accelerate the Maturity Date and the Firm's obligation hereunder shall remain subordinated as hereinabove provided.

Any other provision herein to the contrary notwithstanding, the Lender shall have the right to have returned to him by the Firm at any time on demand, without notice to or consent of the New York Stock Exchange, money or securities in said account or accounts if the Lender assigns and delivers to the Firm in place thereof (i) money equal to the then net capital value under said Rule 325 of the securities so returned or other securities as readily marketable as, and having a net capital value at least equal to, the then net capital value of the securities so returned or (ii) government or municipal bonds having a net capital value at least equal to the money so returned.

The indebtedness created hereby is not being made in reliance upon the standing of the Firm as a member organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of the Firm or its capital position. The Lender has made such investigation of the Firm and its partners as the Lender deems necessary and appropriate under the circumstances. The Lender is not relying upon the Exchange to provide any information concerning or relating to the Firm and agrees that the Exchange has no responsibility to disclose to the Lender any information concerning or relating to the Firm which it may have, now or at any future time. The Lender agrees for himself, his heirs, executors, administrators and assigns, that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of said Exchange or Fund shall be liable to the Lender with respect to the indebtedness created hereby or the repayment thereof or of

any interest thereon.

The provisions of this agreement shall be binding upon and inure to the benefit of the Firm, its successors and assigns (including without limitation the successor corporation of the Firm referred to herein) and the Lender, his heirs, executors, administrators and assigns.

This agreement shall be effective as of the date first above written, provided that it is approved by the New York Stock Exchange not later than January 15, 1971. In the event that this agreement is not so approved by said date, it shall be deemed null and void from its inception and the Firm shall immediately return to the Lender all property in any of the aforesaid accounts maintained by the Lender with the Firm or otherwise delivered by the Lender to the Firm pursuant hereto.

This instrument, together with the Firm-Hirsch Agreement, embodies the entire agreement between the parties and no other evidence of such agreement has been or will be executed without the prior written consent of the New York Stock Exchange.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this 4th day of January, 1971.

F. I. duPONT, GLORE FORGAN & CO.

By _____
(A General Partner)

_____
(Lender)

SCHEDULE A

Seventy-five per cent (75%) of the general and limited partner capital of the Lender in the Firm at December 14, 1970, which 75% is agreed to be $675,000, less the Lender's share of any losses of the Firm for the period July 2, 1970 through December 31, 1970.

X

Addendum to Agreement Subordinating Account between F. I. duPont, Glore Forgan & Co. (the Firm) and Marshall S. Mundheim (the Lender) dated as of January 4, 1971

If the obligation of the Firm hereunder shall mature prior to July 3, 1972, the Lender, in his sole discretion, may extend this agreement to July 3, 1972. Further, this agreement may be renewed, and all the terms and conditions hereof shall continue in full force and effect, until January 2, 1974 if the Lender shall have delivered to the Firm not less than five (5) days prior to the Maturity Date written notice to the effect that this agreement shall be so renewed. In the event of any such renewal, the cash and/or securities in the account at that time may be reduced in the sole discretion of the Lender, and the term "Matu ity Date" as used in this agreement shall, unless the context otherwise requires, be deemed to mean the date to which this agreement shall be so renewed.

F. I. duPONT, GLORE FORGAN & CO.

By _____
A General Partner

_____
Lender

Pl. Ex. 11, pp. 386a-387a
386a

4, 5, 6

J

duPONT GLORE FORGAN
INCORPORATED

ONE WALL STREET
NEW YORK, N.Y. 10005
TELEPHONE: (212) 344-2000

October 7, 1971

Mr. Marshall S. Mundheim
duPont Glore Forgan Inc.
39 Broadway
New York, New York

Dear Marshall:

The Agreement between you and the duPont partnership, executed on December 14, 1970, pursuant to which a subordinated loan was purportedly created, provided that "all of the existing dGF general, special and limited partners of dGF ... and at least 75% of the existing dGF limited and special partner capital ... of the Hirsch Partners who are not general partners of dGF shall be exchanged for and replaced by subordinated accounts or subordinated loans ..." When the December 14 Agreement was implemented by the preparation of subordinated account agreements, in recognition of the fact that the losses of the duPont partnership during the period of time when you were a partner had not been finally determined, the schedule of property attached to the agreements provided that your "existing" partnership capital was transferred to the account but did not identify the amount thereof. (In two instances, where an amount was identified, it was acknowledged that the amount was to be reduced by any losses thereafter posted to the partner's account).

The results of the recently completed audit of the partnership's books and records at April 30, 1971, and showing an aggregate operating loss of approximately $33,000,000 and the internal calculations now in the process of finalization, to allocate that loss to the appropriate time periods, make it clear that as at December 31, 1970, there was no general partner capital left in the duPont firm, and the limited partner capital had been at least substantially impaired, if not totally eliminated.

PLF. EX # 11
WIT. FOR ID
DATE

Accordingly, your partnership capital, which was supposedly transferred to subordinated debt status pursuant to the December 14 Agreement, did not exist if it was general partner capital, and probably did not exist if it was limited partner capital. There is, therefore, a little or no property in your subordinated account.

Prior hereto, you have been paid interest on your account and in all other respects permitted to deal with your account as though it was not impaired -- and in the case of Messrs. Mundheim and Kohns, even permitted to make a withdrawal of principal -- because we felt it would be unfair to you for us to assume that your capital had been impaired prior to audited proof of that fact. Accordingly, prior interest payments were made. Since it is now clear that all or at least substantially all of your capital was impaired prior to the creation of the subordinated account, we are writing to notify you that no further interest payments will be made and that we consider your account cancelled from its inception (or pending finalization of the December 31 calculations, at least substantially reduced in principal amount) and we demand prompt repayment of the interest payments and capital distributions previously made.

If you have any questions about this action, our counsel, Richard Shlakman (212) 269-7565 or (212) 344-2000 Ext. 1433, will be pleased to endeavor to answer them.

Very truly yours,

Larry S. Glazer
Treasurer

LSG/bmi
cc: Mr. Ed First
Mr. Jim Fuld
Mr. R. Shlakman

Pl. Ex. 13, pp. 388a-390a
388a

duPONT
GLORE
FORGAN
Incorporated

MEMBERS PRINCIPAL SECURITY AND COMMODITY EXCHANGES ONE WALL STREET, NEW YORK, N.Y. 10005 TELEPHONE: (212) 344-2000

November 5, 1971

Dear Sir:

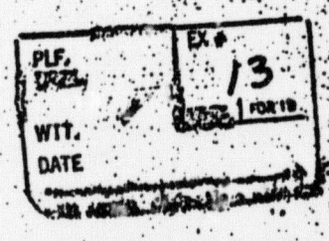
Your enclosed Statement from duPont Glore Forgan Incorporated correctly reflects the value of your capital account as zero. This valuation is based upon the recently completed Audit as of April 30, 1971, which, as I am certain you are aware recognized losses and provided for reserves in an amount which was sufficient to eliminate substantially all capital invested in the Firm prior to April 30, 1971.

Your past statements may have erroneously reflected the existence of capital in your account, as we were not able to effectuate the required corrections on the state ents prior to their having been mailed to you.

We apologize if you were in any way confused by these incorrect statements.

Very truly yours,

Larry Glazer,
Treasurer and
Chief Financial Officer



DATE	BOUGHT - RECEIVED	SOLD OR DELIVERED	DESCRIPTION	PRICE	DEBIT	CREDIT
			HOWARD HIRSCH			
			SUBORDINATED LOAN			
09 30		50000	OLEAN N Y CSD	DEL		
09 30			CPN 5.400 04/01/1980			
09 30			TRANSFER OF SECURITIES			
09 30			AS OF 09/24/71 AC206327			
			CLOSING BALANCE		** 00	
			PRINCIPAL CASH CAPITAL			
			AUG 31 1971 BALANCE FWRD			252381 92
09 30			TRANS HOWARD HIRSCH SUB L		252381 92	
09 30			OAN TO PRIV LEDGER			
09 30			TRANSFER OF FUNDS			
09 30			AS OF 09/24/71 AC206322			
09 30			TO CLOSE OUT SUB LOANS TO		53500 00	
09 30			PARTNERS PRIVATE LEDGER			
09 30			TRANSFER OF FUNDS			
09 30			AS OF 09/24/71 AC181339			
09 30			TO TERMINAL OF SECCONTR18			53500 00
09 30			AS CAPITAL			
09 30			TRANSFER OF FUNDS			
09 30			AS OF 09/24/71 AC181341			
			CLOSING BALANCE		** 00	

	PRICE	DEBIT	CREDIT	+
				1
				1
	DEL			1
/01/1900				1
ITIES				1
206327				1
BALANCE		**00		
				3
PITAL			252181 92	3
NCE FWRD		252181 92		3
SCH SUB L				3
ER				3
S				3
206322				3
LOANS TO		253500 00		3
ELLEDGER				3
S				3
181339				3
CONTRIB			55500 00	3
				3
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181341				3
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MR HOWARD C HERSCH
111 E 56TH ST APT 1402
NEW YORK NY 10022

Rec'd 7-11-08

duPONT GLORE FORGAN
INCORPORATED
MEMBERS PRINCIPAL SECURITY AND COMMODITY EXCHANGES

STATEMENT OF SECURITIES ACCOUNT

DEPOSITS, INQUIRIES OR INSTRUCTIONS SHOULD INCLUDE YOUR ACCOUNT NUMBER AND BE DIRECTED T
YOUR REPRESENTATIVE AT THE OFFICE SERVICING YOUR ACCOUNT.

A FINANCIAL STATEMENT OF THIS FIRM IS AVAILABLE FOR YOUR PERSONAL INSPECTION AT OFFICES O
A COPY WILL BE MAILED UPON YOUR WRITTEN REQUEST.

IF THIS IS A MARGIN ACCOUNT, THIS IS A COMBINED STATEMENT OF YOUR GENERAL ACCOUNT AND OF
SPECIAL MISCELLANEOUS ACCOUNT MAINTAINED FOR YOU UNDER SECTION 4(F)(2) OF REGULATION T IS
SUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM. THE PERMANENT RECORD OF T
SEPARATE ACCOUNT AS REQUIRED BY REGULATION T IS AVAILABLE FOR YOUR INSPECTION UPON REQUES

FUNDS REPRESENTED BY ANY FREE CREDIT BALANCE IN YOUR ACCOUNT (EXCEPT FOR A REGULATED CO
MODITY ACCOUNT) ARE NOT SEGREGATED AND MAY BE USED IN THE OPERATION OF THE BUSINESS
DUPONT GLORE FORGAN INCORPORATED. IN ANY TYPE OF ACCOUNT, HOWEVER, SUCH FUNDS ARE PAYAB
TO YOU ON YOUR DEMAND.

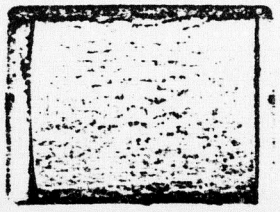
EXPLANATION OF INTEREST CHARGE CALCULATION ON THE BACK OF THE STATEMEN

WE URGE YOU TO PRESERVE THIS STATEMENT
FOR USE IN PREPARING INCOME TAX RETURNS

PRINTED IN U.S.

LEGEND

1 - CASH
2 - SHORT
3 - MARGIN
4 - SPECIAL SUBSCRIPTION
5 - CONVERTIBLE BOND ACCOUNT
6 - BOND ACCOUNT



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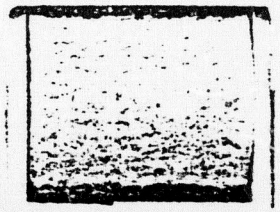

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INVESTMENT SERVICE WHEREVER YOU ARE

In the United States: Akron, Atlanta, Aurora, Ill., Bakersfield, Baltimore, Beverly Hills, Boston, Bridgeport, Bronx, Brooklyn, Burlington, Vt., Cedar Rapids, Chicago, Cincinnati, Clearwater, Cleveland, Coral Gables, Dallas, Daytona Beach, Decatur, Denver, Detroit, Des Moines, Elmira, Eugene, Flint, Ft. Lauderdale, Gary, Hartford, Hempstead, Hilo, Honolulu, Houston, Indianapolis, Jacksonville, Kansas City, Las Vegas, Los Angeles, Manhasset, Madison, Wis., Memphis, Miami, Miami Beach, Milwaukee, Minneapolis, Moline, Newark, New Orleans, New York City, Norfolk, Oak Brook, Oklahoma City, Omaha, Orlando, Peoria, Philadelphia, Phoenix, Pittsburgh, Portland, Maine, Portland, Ore., Providence, Quincy, Mass., Reading, Richmond, Roanoke, Rochester, N.Y., Sacramento, San Diego, San Francisco, San Jose, Salt Lake City, Sarasota, St. Louis, St. Petersburg, Seattle, Shreveport, South Bend, Springfield, Ill., Springfield, Mass., Terre Haute, Toledo, Wailuku, Washington, D.C., Waterloo, West Palm Beach, White Plains, Wichita, Wilmington, Del.

In Canada: Montreal, Toronto, Winnipeg.

Abroad: Beirut, Frankfurt/Main, Kuwait City, Lausanne, London, Paris, Rome.

FRANCIS I. duPONT & CO.

MEMBERS NEW YORK STOCK EXCHANGE AND OTHER PRINCIPAL SECURITY AND COMMODITY EXCHANGES
Administrative Offices: One Wall Street, New York, N.Y. 10005

112

PLTF. DEF. 1145 EX # 42
WIT. Barnhardt
DATE 6-11-74
IN EV. FOR ID
BAR ASS'N. REPORTING SERVICE

Statement of

FINANCIAL CONDITION

as of

September 28, 1969

FRANCIS I. duPONT & CO.

MEMBERS NEW YORK STOCK EXCHANGE

PLF. 20
WIT.
DATE
IN EV. FOR

12 X

FRANCIS I. duPONT & CO.

STATEMENT OF FINANCIAL CONDITION AS OF SEPTEMBER 28, 1969

ASSETS

CURRENT ASSETS:	
Cash in banks and on hand	$ 28,660,000
Clearing funds and similar deposits	2,068,000
Deposits on account of securities borrowed	12,757,000
Receivable from other brokers or dealers:	
Securities sold but not delivered	27,662,000
Equities in commodity accounts	185,000
Open accounts	1,534,000
Receivable from customers:	
Cash accounts	66,790,000
Margin accounts (secured)	207,932,000
Commodity trade accounts	88,000
Securities owned—at market value:	
United States Government securities	151,388,000
State and municipal securities	5,198,000
Corporate securities	15,313,000
Securities contributed as capital—at market value	14,646,000
Demand notes of partners contributed as capital—collateralized by cash and securities	31,634,000
Commissions receivable	946,000
Miscellaneous current assets	7,369,000
Total current assets	574,170,000
OTHER ASSETS:	
Memberships in exchanges—at market value	3,258,000
Furniture, equipment, and leasehold improvements (depreciated value)	3,939,000
Prepaid expenses	846,000
Investments in subsidiaries (approximate book values, $3,983,494)	2,281,000
Miscellaneous	2,211,000
TOTAL	$586,705,000

LIABILITIES

CURRENT LIABILITIES:		
Money borrowed on securities		$282,135,000
Deposits on account of securities loaned		44,457,000
Payable to other brokers or dealers:		
Securities bought but not received		44,550,000
Payable to customers:		
Cash accounts		20,758,000
Margin accounts (secured)		21,992,000
Accounts with free credit balances		45,810,000
Equities in commodity accounts		9,723,000
Securities sold but not yet purchased—at market value		51,246,000
Dividends and interest payable and unclaimed		3,616,000
Taxes payable and accrued		462,000
Commissions payable		468,000
Miscellaneous current liabilities		8,952,000
Total current liabilities		534,169,000
CAPITAL FUNDS:		
Borrowings under subordination agreements	$ 4,823,000	
Net worth	47,713,000	52,536,000
TOTAL		$586,705,000

ACCOUNTANTS' OPINION

Francis I. duPont & Co.:

We have examined the statement of financial condition of Francis I. duPont & Co. as of September 28, 1969. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a review of the accounting system, internal accounting control, and procedures for safeguarding securities, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above statement presents fairly the financial position of Francis I. duPont & Co. at September 28, 1969, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, November 26, 1969

Haskins & Sells

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WIT. DATE 6-16-70
BAR ASS'N. REPORTING SERVICE

ANNUAL REPORT 1969

FRANCIS I. duPONT & CO.

PLF. EX. 21
WIT.
DATE

A MESSAGE TO OUR CLIENTS

Although as a privately owned partnership our firm is not required to publish an annual report, this is the fifth year that we have done so because we feel an obligation to our clients to keep them informed in appreciation of their entrusting us with their investment transactions.

Our report for 1969 includes a statement of our income and expenses as well as a statement of our financial condition; a review of the extraordinary decade of the Sixties and the outlook for the Seventies; an outline of the sweeping transformation under way in the securities industry; as well as an account of our firm's action programs and long-range planning to meet the opportunities and the challenges of the new decade.

Founded in 1931, our firm has grown greatly over the past decade to become one of the leading investment firms in the nation. The number of our accounts has risen from 134,000 in 1959 to 495,000 last year. Our capital funds have more than doubled in the decade, from $29 million to $60 million; operating income has expanded from $31 million to $116.8 million; the number of branch offices has grown from 74 to 95, and the number of account executives from 800 to 1,600.

Problem of Profitability

Today the whole securities industry is faced with the problem of profitability. In addition to the pinch of the spiraling costs common to all industry, the securities business has had to cope with operational problems peculiar to itself, requiring heavy extra expenditures.

Edmond duPont, *Chairman*

Francis I. duPont & Co. conducts a very large public business as well as serving institutional investors and investment banking clients. And the drop in trading on the stock markets last year, coming at the same time as steeply rising costs, resulted in our operating at a loss, as detailed in our Statement of Income and Expenses on Page 8.

With the exception of our securities commission business with individual investors, however, all of the major areas of our operations were on a profitable basis as the year ended and some registered striking gains. Our total dollar volume of managed and co-managed underwritings was the highest in the firm's history; revenues from institutional services advanced 35%; transactions in commodity futures increased 25% to a new record high; and mutual funds sales established a new peak for the seventh consecutive year.

Our firm's financial position continues characteristically strong, with

(Continued on Page 5)

FRANCIS I. duPONT & CO.

MEMBERS NEW YORK STOCK EXCHANGE AND OTHER PRINCIPAL SECURITY AND COMMODITY EXCHANGES

BOARD OF DIRECTING PARTNERS

Edmond duPont, Senior Partner *(Chairman)*
Wallace C. Latour *(Senior Managing Partner)*
Harold A. Rousselot, Senior Partner *(Vice Chairman)*
Gough W. Thompson, Jr. *(Secretary)*
John W. Allyn, Senior Partner
Dudley J. Byers
Alfred R. duPont, Jr.
Stanton W. Frederick, Sr.
Samuel A. Gay
Morris Goldstein
Howard T. Kadelburg
Andrew I. Namm
Arthur C. Person
Edwin B. Peterson
Alfred J. Rauschman
Milton A. Speicher, Senior Partner
Thomas W. Thompson

OFFICE OF THE MANAGING PARTNER

Wallace C. Latour, *Senior Managing Partner*

Managing Partners

Samuel A. Gay — Edwin B. Peterson — Thomas W. Thompson

FINANCE COMMITTEE

Edmond duPont, *Chairman*

John W. Allyn
Morris Goldstein
Wallace C. Latour
Milton A. Speicher

Gough W. Thompson, Jr., *Secretary*

GENERAL PARTNERS

Edmond duPont
Charles Moran, Jr.
Arthur C. Allyn, Jr. *(Chicago)*
John W. Allyn *(Chicago)*
John J. Trask
Morris Goldstein
James M. King, Jr.
Austin J. Lyons
Harry A. Pujals
Edwin B. Peterson
Harold A. Rousselot
Gordon R. Foote
Milton A. Speicher
Gough W. Thompson, Jr.
Willis B. Hamilton *(Chicago)*
Howard T. Kadelburg
Wallace C. Latour
Thomas W. Thompson
Stanton W. Frederick, Sr. *(Seattle)*
Peter R. duPont
Dudley J. Byers *(Montreal)*
Andrew I. Namm
U. McCall Richey
Robert J. Monahan
Mark J. Appleman
Alfred R. duPont, Jr.
C. Kelly Reynolds, Jr.
Llewellyn P. Young
Arthur C. Person
Herbert A. Fraenkel
Philip C. Loomis
James J. Hughes, Jr.
Douglas L. Ayer
William N. Allyn
Sydney Parlow
William W. Madden
William A. Victor
Robert C. Diserens
Alfred J. Rauschman
Warren Ackerman, Jr.
Donald Mutterperl
Samuel A. Gay
Rudolf Smutny, Sr.
Edmond R. duPont
Charles T. Steffens
H. James Toffey
Vincent Gentile

SPECIAL PARTNERS

Edward A. White
Charles J. Jordan
Henry Stefany
Harold G. Edelstein
John S. French
William R. Humphreys, Jr.
A. Philip Megna
Robert H. Anderson
Phillip R. Clark
George W. Elwell
George W. Fellows
Roger D. Gabbert
Stephen S. Head
Elijah N. Jones
Phil A. Petitt
Jerome D. Rosenstein
Ralph W. Williams
James M. Downey
Donald D. Farinella
Charles F. Benzel
Robert L. Carpenter
Jerry P. Oakley
Salvatore DeLuca
Norman L. Padgett

LIMITED PARTNERS

Jean V. Blossom
Julia W. Campbell
A. Rhett duPont
Edmond duPont
Mary L. duPont
Clarence M. Galvin
Frank Hegner
Gertrude B. Knapp
Thomas A. Lewis
William Turnbull
Fred G. Wacker, Jr.
Hugh C. Wallace
Harry G. Williams
Williamson Pell, Jr.
Fred'k Lewis, Jr.
John H. Riley
Edna M. Kendall
Nat Sandler
John A. Fitz Randolph
Donald L. Graham
Trustees under deed of trust April 15, 1960
Emile F. duPont, Trustee
Estate of Daniel K. Chapman
Estate of John A. Dawson

BEST COPY AVAILABLE

A MESSAGE TO OUR CLIENTS CONTINUED

capital funds exceeding $60 million and total assets aggregating $557 million.

Younger Management Team

Perhaps the most significant development in our firm last year was the transition to a younger, though highly experienced, management team. The four partners now functioning as The Office of the Managing Partner – Wallace C. Latour, Samuel A. Gay, Edwin B. Peterson and Thomas W. Thompson – average 47 years of age.

Measures undertaken by the new management team resulted in solid progress in straightening out problems carrying over from late 1968, in reducing expenses without impairing the quality of our services, and in laying the groundwork for sound future growth that will enable Francis I. duPont & Co. to maintain its leadership position as a "full service" investment firm to meet the needs of all clients, large and small, public, institutional and investment banking.

Installation of a new multimillion dollar communications/data processing complex, featuring third generation computers linked to an electronic teletype network with terminals in all of our branch offices, has been completed. This sophisticated system, soon to become operational, is geared to handling larger volumes at higher speed with greater accuracy and lower cost.

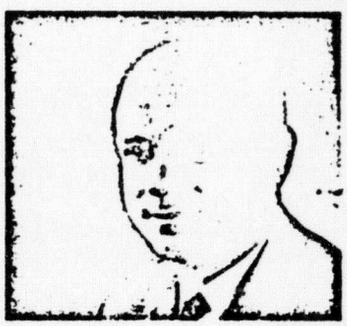
Viewing the Future

Although 1969 was a very troublesome year for both investors and the securities industry, we have confidence in the strong basic growth characteristics of the American economy and the ability of the investment business to fulfill its essential role in facilitating the vast flow of investment funds that American industry and government will require in the new decade.

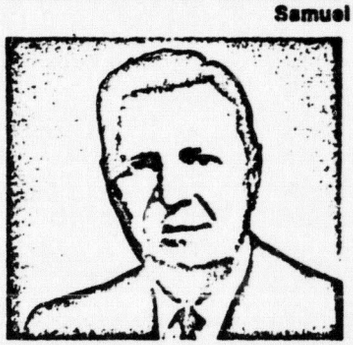
Projections of the New York Stock Exchange, which have proven conservative in the past, point to a tremendous increase in trading activity on the nation's stock markets – doubling by 1975 and tripling by 1980.

Thanks to the infusion of "new blood" in our management and the scope of our preparations, we look forward not only to keeping pace with the great growth of activity foreseen on the stock markets but also to improving the range and depth of our investment services to all of our clients.

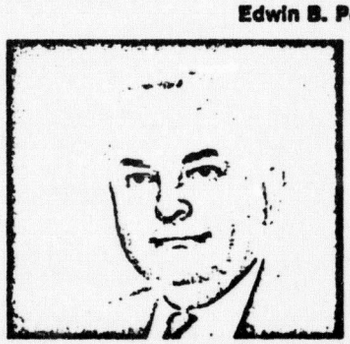
Wallace C. Latour



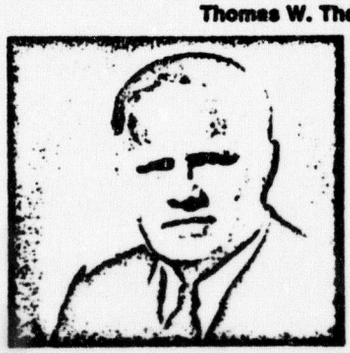
Samuel A. Gay



Edwin B. Peterson



Thomas W. Thompson



THE SIXTIES
A REVIEW

The Longest Economic Expansion in U.S. History

The decade of the Sixties encompassed, beginning in February 1961, nine consecutive years of economic expansion.

Gross National Product (the sum total of all goods and services) rose from $484 billion in 1959 to $932 billion – an increase of 93%. Industrial production expanded 64%, personal income 94%, corporate profits after taxes 78%; dividend payments to stockholders nearly doubled.

This record of spectacular gains was marred, however, by an ascending inflation of consumer prices over the last half of the decade. Although the U.S. had experienced a long period of relative price stability from 1958 to 1965, when increases averaged only 1.3% a year, prices spurted 4.2% in 1968 and then jumped 6.1% in late '69, by far the worst inflation since 1951, early in the Korean War.

Stock Market Trading Soars

During the past decade we took giant steps toward becoming truly a nation of shareowners – the number of stockholders doubling from 12½ million to well over 26 million. On the New York Stock Exchange, trading surged from a daily average of 3.2 million shares in 1959 to just under 13 million shares in 1968 (with five 20-million share days), precipitating a paperwork jam throughout the securities industry. Last year, however, volume slackened to 11 million shares a day.

With the rapid growth of mutual funds, as other institutional investors turned increasingly from fixed income securities to equities, and with fund managers' emphasis on "performance" accelerating turnover of holdings, institutional transactions became a potent factor in the stock markets. On the NYSE institutions now account for over half of the total volume on the tape. While a transaction of 10,000 shares was a rarity ten years ago, last year 15,000 transactions of 10,000 shares and more took place.

Today the appearance on the tape of even a block of 100,000 shares causes little comment. The ability of the NYSE to handle jumbo-size blocks demonstrates a liquidity unequalled among the world's financial marketplaces.

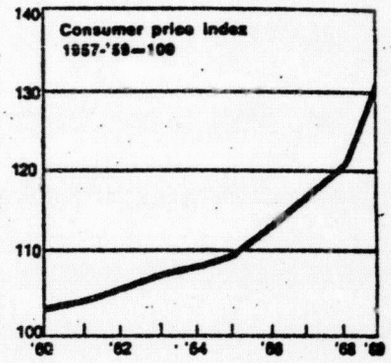
Trading by foreign investors has multiplied nearly six times – from $4.1 billion in all U.S. securities markets in 1959 to $24 billion last year. On the selling side for many years, foreign investors turned to buying on balance in 1967, 1968 and 1969.

Interest Rates and Fixed Income Securities

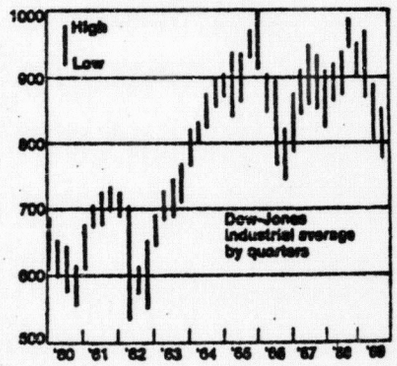
1969 marked the coming of age of the investing public in the bond market. For years fixed income securities have been the domain of institutions although individual investors have increasingly been reaping the advantages of tax exemption. In 1969, however, individuals attracted by the extremely high

(Continued on page 8)

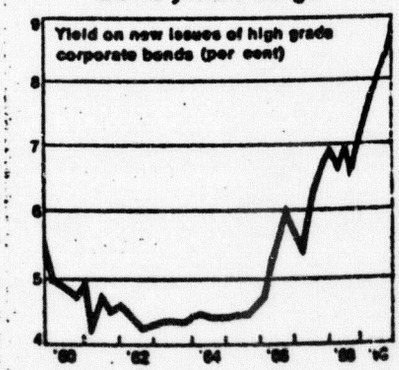
Cost of living soars



Trend of stock prices



Bond yields surge



THE SEVENTIES
AN OUTLOOK

The U.S. Economy

Just as the Sixties started out with recession, the Seventies apparently are beginning with a slowdown in *real* economic growth (after allowance for inflation).

A package of fiscal, monetary and military developments, however, is already reducing the growth of aggregate demand, a first step to easing the rate of price inflation.

All of the major stimulants to the growth of excess demand in the inflationary 1965-68 period have been reversed. Military spending is now declining after having skyrocketed by $30 billion in 1965-68. The Federal Reserve has shifted from a highly expansionary stance to severe credit restraint. The Treasury accounts are now in surplus after having been in deep deficit.

A successful attack on the sources of inflation can lead the way to a phenomenal advance of the economy in the Seventies. Gross National Product can be projected to advance from $932 billion last year to $1.9 trillion in 1980. This doubling of national output (in '69 dollars) translates into 6.5% annual rate of growth, which would exceed that in any previous decade of U.S. history. Assuming a more peaceful world, which would reduce inflationary pressures, almost 4.5% of this advance is likely to be in *real* output rather than in price rises.

The Securities Industry

Troubled 1969 may well go down in financial history as the year in which the groundwork was laid for fundamental changes in the securities industry.

With traditional concepts of doing business undergoing transition and new trading patterns emerging, emphasis is being put on new approaches, new technology and long-range planning to give the industry the capability of handling effectively the dramatically higher volumes of trading projected for the Seventies.

The urgent need for change is underscored by projections that average daily volume of trading on the New York Stock Exchange may rise from 11 million shares last year to 23 million shares in 1975 (with as many as 40 million shares traded on peak days) and an average of 36 million shares in 1980 (with peak-day volume reaching 60 million shares).

Foremost on the industry's blueprint for the future is the restructuring of the system of processing securities transactions. The New York and American Stock Exchanges, together with a banking industry task force, are working on developing standardized machine-readable stock certificates (uniformly coded to be "read" automatically by electronic data processing equipment). Adoption of such certificates would cut sharply into the harassing paperwork problem and also, by facilitating quicker counting of securities, would provide an added measure of safety.

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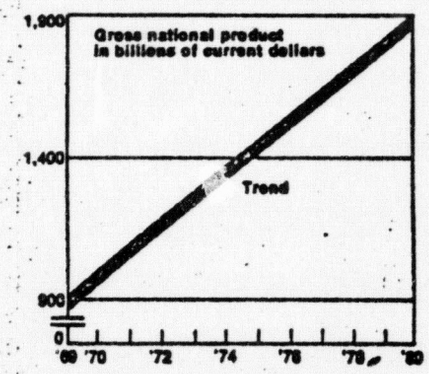
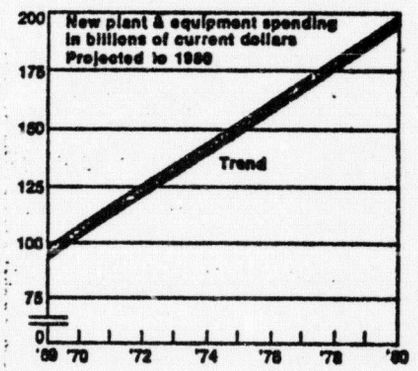
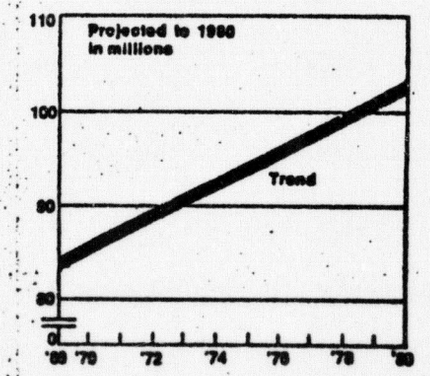
Projected GNP growth



Business Investment



Total labor force



THE SIXTIES CONTINUED

yields were big buyers of corporate bonds, federal agency and treasury bills, as well as municipal bonds. In certain markets individual purchases exceeded institutional.

Seldom associated with dramatic happenings, there was nothing sedate about the bond market last year as it became a major casualty of the Federal Reserve's head-on attack on inflation via tight credit and expensive money. As interest rates soared to the highest levels in over a century, bond prices slumped, raising yields to unprecedented heights.

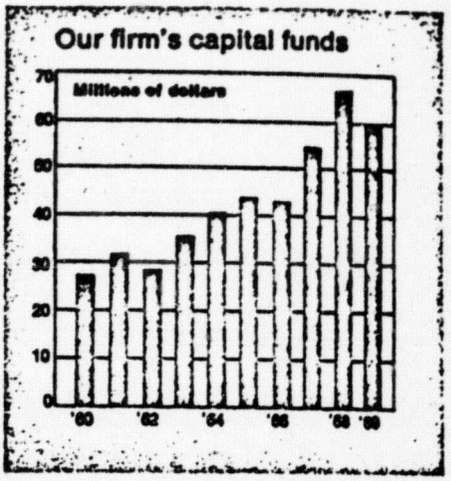
During 1969, too, the tax exempt privilege on municipal bonds met its first serious challenge. The House of Representatives inserted provisions in the Tax Reform bill that would have seriously impaired tax exemption. Until the end of the year, when the provisions were deleted from the final bill, the municipal bond market was chaotic. It also suffered from the Fed's monetary policy, because the commercial banks, the prime buyers of municipal bonds, soon had little or no new investment funds for municipal bonds.

The capital gains changes, particularly those affecting the banks, also played havoc with the bond markets. Since profits on banks' security transactions are to be taxed as ordinary income rather than as capital gains, banks are discouraged from adding older bonds selling at discount prices to their portfolios and may even turn to liquidating their older issues.

Francis I. duPont & Co.

For Francis I. duPont & Co. the decade of the Sixties was one of great growth that brought us from an organization of relatively moderate size into a position of leadership among the nation's investment firms.

Particularly significant has been the broadening of the scope and depth of our services. Today we are a major factor in trading on the nation's stock exchanges, a prominent marketmaker in unlisted securities, one of the largest firms handling commodity futures, and rank high in the underwriting and distribution of security issues. Our institutional business is growing impressively and we are one of three NYSE firms recognized as government bond dealers.



The final year of the decade was not profitable, however, because of the rapid inflation of costs that has troubled the entire financial community since 1968, coinciding with a sharp drop in trading volume on the securities markets in 1969.

It is noteworthy, though, as Edmond duPont points out in the introduction to this report, that all major areas of our operations, except our securities commission business with individual investors, were on a profitable basis at yearend and some showed substantial gains.

With capital funds aggregating $60 million and total assets $557 million, our financial position is strong.

FIVE-YEAR RECORD OF INCOME AND EXPENSES

	Year Ended Dec. 31, 1969	Year Ended Dec. 31, 1968	Year Ended Dec. 31, 1967	Year Ended Dec. 31, 1966	Year Ended Dec. 31, 1965
Income from operations	$116,832,000	$119,698,000	$90,800,000	$70,638,000	$62,967,000
Expenses:					
Sales, Research, Interest and Brokerage	90,348,000	77,897,000	58,412,000	50,388,000	45,867,000
Processing operations and Accounting	31,111,000	27,592,000	14,788,000	8,981,000	7,801,000
Payments for the benefit of employees	3,074,000	5,233,000	5,343,000	3,378,000	2,690,000
Total expenses	124,533,000	110,722,000	78,543,000	62,747,000	56,358,000
Net Income (Loss) available to Partners	(7,701,000)	8,976,000	12,257,000	7,891,000	6,609,199
Estimated Fed. Income Taxes (Recoveries)	(3,175,000)	4,215,000	6,325,000	3,551,000	2,976,000
Balance Of Net Income (Loss)	($ 4,526,000)	$ 4,761,000	$ 5,932,000	$ 4,340,000	$ 3,633,199

THE SEVENTIES CONTINUED

The ultimate solution to automated securities handling, in all probability, lies in the concept of a nationwide system of central depositories for stock certificates that would process transactions by bookkeeping entries, linking brokerage firms, exchanges, banks and major institutional investors.

A start has been made by the NYSE in activating a Central Certificate Service depository – a system designed to replace the physical delivery of stock certificates between brokers. Last year more than one billion shares valued at $42.5 billion were "delivered" by computerized bookkeeping entries. At the yearend 464 million shares were on deposit.

Another key project, a *Block Automation System* using computers to match buy and sell interests for large blocks of stock – a matching process now done largely by thousands of telephone calls between brokers – is being initiated by the NYSE. The system's network will service mutual funds, banks and pension funds as well as brokerage firms.

Of particular significance to the "small investor," the NYSE has also inaugurated a 3-phase program to *totally automate odd-lot trading*. Phase 1 of this program has already been successfully launched. Phase 2 is now in the works. A similar program is under way on the American Stock Exchange.

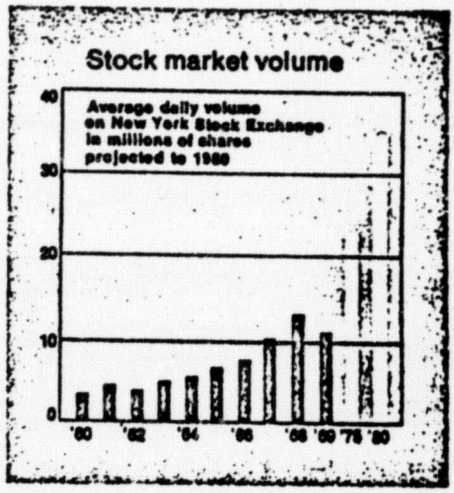
To afford the magnitude of expenditures necessary to provide and maintain the capacity that will be required to meet the needs of the nation's investors in the years ahead, the industry realizes that it must be able to earn enough return on invested capital to attract a flow of additional permanent capital.

A detailed analysis of the commission business of securities firms indicates that a new commission rate structure has become a crucial need for the Seventies. As the Exchange points out, costs of handling small orders have outpaced commissions to such an extent that there is little incentive for brokerage firms to develop and service the business of many individual investors. In the new schedule of minimum rates proposed by the NYSE, one of the key modifications is an increase in rates on small orders.

The industry, it is clear, cannot meet the demand of the Seventies by working within the capital limitations of the Sixties. To facilitate the acquisition of additional financial resources that will be required in the Seventies, proposed amendments to the constitution of the NYSE to permit *public ownership of securities* of member firms are being discussed with the Securities and Exchange Commission at this time.

Francis I. duPont & Co.

Francis I. duPont & Co. has been a pioneer in automation in the securities industry since the early Forties



when we were among the first to use equipment then known as "electronic calculators." Since the mid-Fifties we have been among the leaders in electronic communications and data processing and are keeping pace with the increasing technological sophistication of systems and equipment.

While this involves substantial expenditures, we expect that automation will not only give us the capacity to handle efficiently the growth in volume anticipated in the Seventies but also will lead to substantial improvements in client services.

There has been much public comment and some concern among investors as to whether the securities industry is trending toward the larger individual investors and institutions. As far as Francis I. duPont & Co. is concerned, we re-affirm our long-standing policy of offering brokerage services to all investors, large and small, individual and institutional.

FRANCIS I. duPONT & CO.

STATEMENT OF FINANCIAL CONDITION

ASSETS

CURRENT ASSETS:	12/31/69 (Unaudited)	9/29/69*	12/31/68 (Unaudited)
Cash in banks and on hand	$ 31,098,506	$ 26,880,000	$ 16,979,879
Clearing funds and similar deposits	1,270,736	2,088,000	4,630,309
Deposits on account of securities borrowed	6,712,257	12,757,000	11,780,081
Receivable from other brokers or dealers	26,812,881	29,381,000	94,929,815
Receivable from customers	250,593,825	274,810,000	392,139,188
Certificates of deposit	—	—	21,800,000
Securities owned – at market value:			
United States Government securities	157,379,427	161,388,000	114,813,389
State and municipal securities	4,815,923	6,198,000	11,788,579
Corporate securities	13,836,269	15,313,000	23,788,569
Securities contributed as capital – at market value	13,484,291	14,848,000	13,524,857
Demand notes of partners contributed as capital – collateralized by cash and securities	32,442,784	31,834,000	28,738,000
Commissions receivable	1,344,169	946,000	1,802,5[illegible]
Miscellaneous current assets	7,917,588	7,288,000	3,880,519
Total current assets	540,487,889	574,170,000	740,226,327
OTHER ASSETS:			
Memberships in exchanges – at market value	3,243,250	3,258,000	3,897,995
Furniture, equipment, and leasehold improvements (depreciated value)	2,720,000	3,939,000	3,447,826
Prepaid expenses	733,883	648,000	380,098
Investments in subsidiaries – approximate book values: December 31, 1969 – $4,359,273; September 29, 1969 – $3,983,494; December 31, 1968 – $3,545,000	2,000,018	2,761,000	764,458
Miscellaneous	2,524,970	2,211,000	529,516
TOTAL	$577,708,953	$588,705,000	$749,350,152

LIABILITIES

CURRENT LIABILITIES:	12/31/69 (Unaudited)	9/29/69*	12/31/68 (Unaudited)
Money borrowed on securities	$225,195,581	$218,530,000	$231,503,324
Repurchase agreements – United States Government securities	72,993,380	85,805,000	37,500,000
Deposits on account of securities loaned	38,842,470	44,457,000	93,578,400
Payable to other brokers or dealers	31,987,100	44,559,000	116,829,478
Payable to customers	89,406,802	99,283,000	158,008,989
Securities sold but not yet purchased – at market value	27,857,478	51,246,000	70,795,330
Dividends and interest payable and unclaimed	5,175,418	3,616,000	1,946,579
Taxes payable and accrued	622,205	462,000	641,265
Commissions payable	475,154	498,000	818,885
Miscellaneous current liabilities	7,143,720	8,952,000	11,345,381
Total current liabilities	497,599,308	534,199,000	683,019,638
CAPITAL FUNDS:			
Borrowings under subordination agreements	8,472,044	4,823,000	4,933,983
Net worth	51,647,600	47,713,000	61,396,853
Total capital funds	60,119,644	52,536,000	66,330,516
TOTAL	$577,708,953	$588,705,000	$749,350,152

*ACCOUNTANTS' OPINION

Francis I. duPont & Co.:

We have examined the statement of financial condition of Francis I. duPont & Co. as of September 29, 1969. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a review of the accounting system, internal accounting control, and procedures for safeguarding securities, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above statement presents fairly the financial position of Francis I. duPont & Co. at September 29, 1969, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, November 28, 1969

Haskins & Sells

401a

SERVING THE INDIVIDUAL

Because we view the individual investor as the cornerstone of our business, we continued to invest considerable money, time and energy during 1969 in efforts to assure a high standard of performance in serving clients of our nationwide network of branch offices.

Principal developments included more intensive automation of our operations with the installation of new computerized communication and data processing facilities, further strengthening of our Research resources and the restructuring of our branch office system.

Although, as noted previously, our commission revenues from retail business on the stock markets dropped from 1968 levels in reflection of the slump in trading activity, our strong mutual fund operation produced a new high in sales of these securities. And we distributed a larger volume of securities underwritten by us than ever before. We also handled a record volume of transactions for customers trading in commodity futures.

Research Services

While since the founding of our firm in 1931 we have emphasized investment research as a primary key to successful investing, during the past year we made particular progress in increasing both the range and quality of our Research capability.

...tfolio Analysis Department, wh... ...came into its own in 1969, pro...des a rapid but thorough computer-assisted review of client holdings with suggestions for better performance. By yearend, we were able to nearly triple the capacity of this important service.

In another significant development, we established a Financial Stocks Department whose staff specializes in the study of financial institutions.

Our popular INVESTMENT VALUES FOR TODAY service, which is built around a comprehensive quarterly publication that analyzes economic trends, developments in key industries, and outstanding companies recommended by our highly qualified research staff, was further streamlined. The quarterly IVT is followed up by periodic supplements and revised lists of investment recommendations, supported by a continuing flow of individual reports on recommended companies. Spot developments are flashed to all branch offices via our private newswire.

Automation

During 1969 we continued to technologically upgrade our automation facilities both for communications and for data processing operations.

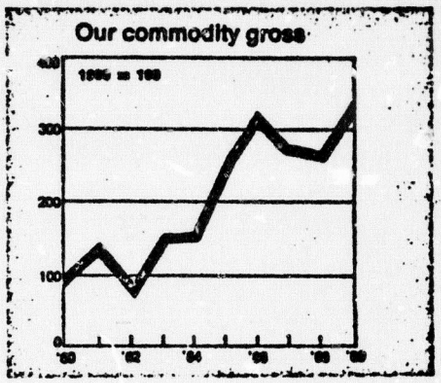
With the completion of our new Communications/Data Processing center in New York, which includes four third-generation computers, a faster, more efficient and more accurate communications system will soon link all of our domestic and Canadian offices with our New York headquarters and also with the floor of the New York and American Stock Exchanges, the Chicago Board of Trade and the Chicago Mercantile Exchange. Most significant for the future, the new computer complex also has a generous potential for expansion of capacity.

Restructuring our Branch Office System

Constructive steps were taken last year to adjust our branch office system to changing economic and population patterns and to prepare our nationwide office network for the opportunities projected for the Seventies.

In line with a long-range plan, our aim is to establish full-scale investment service centers strategically located in major ...rketing areas, with enlarged staffs of Account Executives and ...ecialized personnel, equipped with the most advanced electronic information and communication devices.

Last year we relocated and enlarged our offices in Atlanta, Ga., Los Angeles and San Diego, Calif., Washington, D.C., Springfield, Mass., Flint, Mich., Hempstead, Long Island and Park Avenue, New York. We



INVESTOR

also enlarged branches in Providence, R.I., West Palm Beach, Fla., and Newark, N.J. And a number of other branches were modernized.

At the same time by transferring accounts and Account Executives, we consolidated some smaller offices into larger metropolitan area branches, giving clients the benefit of more efficient service provided by these augmented facilities.

Progress in Other Major Areas

There were impressive developments in other major areas of our services to clients, most notably in mutual funds, commodities, underwriting distributions and unlisted securities.

Mutual Funds

1969 was our firm's seventh consecutive year of record sales of mutual fund shares.

Although we emphasized the more conservative type funds selected for consistency of performance over a period of years – rather than "go-go" or performance funds – the average size of mutual fund sales by the firm increased 50%. One contributing factor to this performance is that we have been schooling our Account Executives in the extension of mutual fund shares to such growth areas as corporate pension and profit sharing plans, Keogh plans for the self-employed and estate planning, as well as for the customary client objectives of retirement income or a possible hedge against inflation.

Underwriting Distributions

In 1969 our firm participated in more underwritings than in any previous year. This enabled our clients to obtain a wide variety of securities – both of new companies and well-known established companies – on a net basis. Particularly noteworthy was the record number of utility shares which we were able to make available to our clients.

Commodities

Long a major factor in the nation's commodity futures markets, our firm last year handled the largest volume of transactions for clients in our history, the rise of 25% in our volume exceeding the industry increase of 21% in aggregate trading on commodity markets.

Like other aspects of the financial world, commodity markets have been undergoing substantial change. In 1969, plywood, lumber, molasses and apples were added to futures contracts lists. The costs of membership privileges on many commodity markets are at unprecedented highs and a 75% increase in overall commodity trading is foreseen within the next five years. Our firm is keeping pace with this prospective growth by thorough training of Account Executives, and by continually matching our commodity services to the needs of our clients.

Unlisted Securities

Despite the sharp drop in trading on the stock exchanges, our volume of transactions in unlisted securities held up well last year, running only slightly behind the record volume of 1968. A factor in this showing was the large number of new issues that became available for trading.

We make primary markets in 240 unlisted securities, including banks, insurance and public utility companies and established industrial corporations, in our New York Unlisted Trading Department. In addition, more than 100 local issues are traded in our branches.

Promising an important convenience to clients, a new, nationwide automated system of quoting bid and asked prices for unlisted securities will be inaugurated by the National Association of Security Dealers later this year. Replacing once-an-hour quotations on a limited number of stocks, the new system will furnish quotations initially on 3,000 issues, increasing in stages to an ultimate goal of 20,000. Changes in quotations will be reported immediately and, for the first time, daily volume figures on sales will be provided.

SERVING THE

The growth of institutional investors relative to individual investors has been accelerating in recent years. Institutions now account for over half of the entire volume of public trading on the New York Stock Exchange.

In recognition of this trend, in 1968 Francis I. duPont & Co. reorganized and substantially augmented its efforts to serve the institutional investing market. Our building program – which is still in progress – has encompassed every aspect of the firm's institutional services, including research, trading, sales, and administration for both fixed income and equity securities.

Our strategy for serving the institutional market is straightforward: to become known as one of the leading "full-service" institutional firms, competing effectively for business in every major segment of the market. We deal in all securities, from government bonds to unlisted stocks, on the basis of ideas, executions, sales coverage and portfolio counsel with all types of institutions, ranging from mutual funds to insurance companies and from public pension funds to hedge funds.

Accordingly, we have systematically defined our clients' needs in each of our market segments and assessed the competition as well as the growth potentia.. Where we have found needs that we could satisfy with available or attainable resources, we have prepared ourselves to do so.

Thus far, the results have been gratifying. In 1969 our revenues from institutional clients rose by 35% versus 1968, from $10 million to around $13.5 million. This growth, while according to plan, was particularly encouraging, in view of the extremely difficult conditions that prevailed in 1969 when many major firms considered themselves fortunate to equal their 1968 revenues from institutional customers.

Furthermore, an interim commission rate structure established by the NYSE on Dec. 5, 1968, reducing commissions on large listed stock orders by as much as 50%, naturally affected the institutional business. In fact, listed stock commissions, which constitute a significant part of our institutional revenues, were about 15% lower in 1969 than they would have been without the "volume discount," but still substantially ahead of 1968.

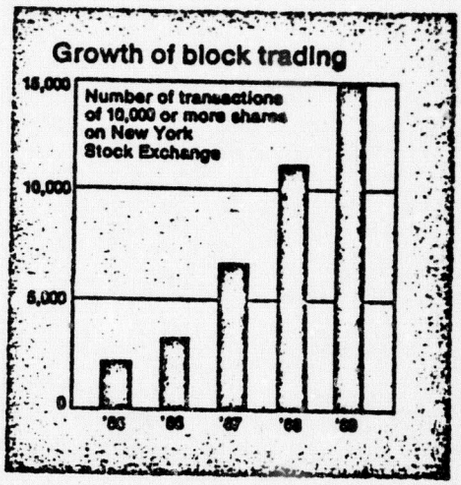
It is also significant that our growth took place in all types of securities – government, corporate and municipal bonds and both listed and unlisted stocks.

Areas of Major Progress

During the year, major progress was made in each of the following important areas:

Institutional Research: This department was "born" in 1968 and during the past year we added to personnel and our research capability significantly. In the highly competitive institutional research market recognition follows from demonstrated performance. In 1969 we exposed our capability to most of the major institutional investors in the country,

INSTITUTIONAL INVESTOR



and gained recognition from a very large number. While we regard this as a long-term project, our commitment to excellence is total.

Block Stock Trading: In 1969, we augmented the Block Stock Trading Department personnel, moved into new quarters affording the most modern equipment available, and expanded our network of direct lines from the trading desk to active customers. In addition, we continued to be moderately aggressive in committing the firm's own capital, supplying liquidity for our institutional customers over and above that offered by the central marketplace. We were in the vanguard in supporting the NYSE Block Automation System which, by providing substantially greater liquidity for the institutional investor, should be in the long-term best interests of our customers and the industry.

In the Block Stock Department, our emphasis is on service, speed and discretion, aiming for the best executions possible in widely varying circumstances. Our progress is evidenced by the fact that the number of shares handled in 1969 by our Block Stock desk increased by 20% over 1968.

Government Bonds: Our newly opened Government Bond Department developed rapidly in 1969. And as one of three NYSE member firms that are recognized government bond dealers, we were able to add significantly to our ability to service large institutional customers.

Corporate Bonds: In 1969 we established a highly specialized Corporate Bond Sales Unit to service major corporate bond customers throughout the country directly from the trading desk in New York. This department, combined with greatly strengthened trading capability, turned in an impressive record of growth and profit in its first year.

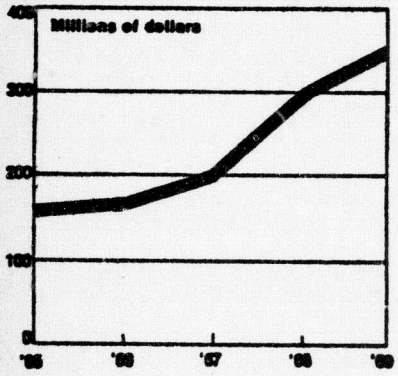
Municipal Bonds: Our underwriting, sales and trading efforts in municipal bonds were substantially increased during the year. As a result we expanded our share of the institutional municipal bond business in 1969. And we expect this growth to continue through 1970.

The Employee Benefit Plan Market: One of the most rapidly growing sectors of the institutional market is that of the corporate, union and group pension or profit-sharing plan. During 1969 we developed a number of products and services specifically designed for these markets, including the only "prototype" pension plan available through a NYSE member firm and a unique Payroll Deduction Investment Plan designed for the union and group fund market. Customer reaction has been enthusiastic, and we plan to cultivate this field aggressively.

Sales Force: During 1969 we increased our institutional sales force from 35 to 60 men, located in 23 cities throughout the country. Our institutional salesmen are responsible for matching their customers' needs with our broad range of capabilities, with the objective of providing total customer service. Our sales force, we feel, is already one of the best in the industry.

SERVING THE

Our total dollar volume of Underwritings managed or co-managed



1969 was another outstanding year for our investment banking activities in managed public offerings, underwriting participations and mergers and acquisitions.

Managed Public Offerings

Our total dollar volume of managed and co-managed underwritings reached an all-time high in 1969. Included among these was the largest single offering in the history of our firm: $100 million of 25 year Debentures for The Signal Companies. Our public offerings also included:

Southern Railway Co.
Arkansas Power & Light Co.
Automatic Radio Mfg. Co.
Norfolk & Western Rwy. Co.
King Radio Corp.
Mangurian's Inc.
Missouri Pacific R.R. Co.
Tiffany Industries, Inc.
Chadbourn Inc.
Dayton Power & Light Co.
Consolidated Leasing Corp. of America
Valle's Steak House
Penn Engineering & Mfg. Corp.
AAA Enterprises, Inc.
Hartfield-Zodys, Inc.
L. S. Good & Co.
National Silver Industries Inc.
Florida Power & Light Co.
Missouri Power & Light Co.
Deltona Corp.
Georgia Power Co.
United Bancshares of Florida
John H. Harland Company
Crest-Foam Corp.
Don Sophisticates, Inc.
Hyde Athletic Industries, Inc.
Louisville & Nashville R.R. Co.
SMD Industries, Inc.
Seaboard Coastline R.R. Co.

We act as investment banker and financial advisor for a large number of companies. In so doing, we provide an outside, objective viewpoint and are able to contribute our experience and knowledge toward financial decisions and financial planning.

In addition, because we keep close to economic, business, financial and stock market trends, we provide an insight which can be helpful to corporate managements in making important decisions.

Private Placements

An important organizational development during 1969 was the establishment of a Private Placement Department under the direction of Rudolf Smutny, Sr. This department arranges institutional-quality placements, including equipment trust obligations secured by rolling stocks of transportation companies. In addition, the department seeks funds from private sources for the financing of established entities as well as more venturesome capital, including so-called "seed" money, for younger companies whose products or services appear to have outstanding potentials.

INVESTMENT BANKING CLIENT

Underwriting Participations

In 1969 we again achieved a new high in underwriting participations: 525 primary and secondary offerings, either registered (with the Securities and Exchange Commission) or unregistered. Overall, we distributed 6,855,621 shares.

Mergers and Acquisitions

Our merger and acquisition activities also continued at a brisk pace during the past year. Among our merger-acquisition accomplishments were:

W. A. Chester, Inc. —
Power Line Erectors, Inc.

Gus Mayer Stores, Inc. —
Warnaco, Inc.

Industrial Air Products Co. —
American Cryogenics, Inc.

City News Printing Corp. —
John Blair & Company

Lau Blower Co. —
Philips Industries

Life Insurance Co. of Kentucky —
Hamilton International Corp.

Tradehome Shoe Stores, Inc. —
J. J. Newberry Co.

FRANCIS I. DUPONT, A. C. ALLYN, INC.

Our investment banking activities are conducted largely through our wholly owned subsidiary, Francis I. duPont, A. C. Allyn, Inc. In recognition of the growth and importance of these activities, the top management of this investment banking subsidiary was reorganized during the year, as follows:

Directors and Officers

Edmond duPont	Chairman of the Board
John W. Allyn	Vice-Chairman of the Board
Morris Goldstein	President and Chief Executive Officer
John S. French	Senior Vice President
Paul A. Petitt	Senior Vice President
Milton A. Speicher	Treasurer

Directors

Wallace C. Latour
Thomas W. Thompson
Rudolf Smutny, Sr.

Officers

O. Foster Devereux	Vice President
Peter A. Ulin	Vice President
Stephen S. Head	Vice President
Gough W. Thompson, Jr.	Secretary
Joseph R. Novotny	Assistant Secretary; Assistant Treasurer

YOUR INVESTMENT SUCCESS IS OUR BUSINESS

We offer our clients a full range of investment and brokerage services. In addition to a steady flow of up-to-date research recommendations and background information, we provide the following:

LISTED STOCKS AND BONDS – Membership in leading stock exchanges as well as our private communications network enable us to provide you with fast, efficient service.

MUTUAL FUNDS – We deal in a great many funds and can supply information about those that may interest you.

TAX-EXEMPT SECURITIES – We specialize in issues that are exempt from federal income tax – state, municipal, revenue, public housing and authority bonds.

COMMODITIES – Thanks to our commodity specialists and membership in the leading commodity exchanges, we are able to offer you comprehensive, prompt service in all phases of commodity business.

UNLISTED SECURITIES – We offer nationwide coverage of the unlisted security markets – including local issues as well as leading industrial, public utility, bank and insurance securities.

NEW SECURITY ISSUES – We are active in the underwriting and distribution of new issues of stocks and bonds, both as manager and as participant.

DISTRIBUTION OF LARGE BLOCKS – Through the strategic location of our offices and our private wire system, we are often in an especially advantageous position to handle, at low cost, distribution of large blocks of existing securities.

GOVERNMENT BONDS – We are a primary dealer in the securities of the United States Government and its Federal Agencies, in which we make competitive markets.

CORPORATE FINANCE – We act in all major areas of investment banking, including financing plans, private placements, mergers, acquisitions, and as financial consultants.

MEMBERSHIP IN PRINCIPAL EXCHANGES

New York Stock Exchange

American Stock Exchange

Boston Stock Exchange

Canadian Stock Exchange
Chicago Board of Trade
Chicago Mercantile Exchange
Citrus Associates – N.Y. Cotton Exchange
Coffee Terminal Market Assoc.
Commodity Exchange, Inc.

Detroit Stock Exchange

Honolulu Stock Exchange

Kansas City Board of Trade

London Cocoa Terminal Market Assoc.
London Commodity Exchange
London Produce Clearing House

Memphis Board of Trade
Midwest Stock Exchange
Minneapolis Grain Exchange
Montreal Stock Exchange

New York Cocoa Exchange
New York Coffee and Sugar Exchange
New York Cotton Exchange
New York Mercantile Exchange
New York Produce Exchange

Pacific Coast Exchange
Philadelphia-Washington-Baltimore Stock Exchange

Toronto Stock Exchange

United Terminal Sugar Market Assoc.

Vancouver Stock Exchange

Winnipeg Grain Exchange
Winnipeg Stock Exchange
Wool Associates – N.Y. Cotton Exchange

115

FRANCIS I. duPONT & CO.

ADMINISTRATIVE OFFICES, ONE WALL STREET, N.Y.

ARIZONA
Phoenix .....415 North Central Ave.
CALIFORNIA
Bakersfield .....1718 Chester Avenue
Los Angeles .....3324 Wilshire Blvd.
Sacramento .....1010 J Street
San Diego .....410 A Street
San Francisco ....301 Montgomery Street
San José .....1010 Town & Country Village
COLORADO
Denver .....1644 Welton
CONNECTICUT
Bridgeport .....84 Bank Street
Hartford .....100 Constitution Plaza
DELAWARE
Wilmington .....duPont Bldg.
DISTRICT OF COLUMBIA
Washington .....1211 Connecticut Ave.
FLORIDA
Daytona Beach ...327 Seabreeze Boulevard
Ft. Lauderdale ....2656 E. Oakland Pk. Blvd.
Jacksonville .....220 W. Monroe Street
Miami .....127 S.E. Second Avenue
Miami Beach .....1036 Lincoln Road
1517 71st Street
Orlando .....37 East Robinson
St. Petersburg ....535 Central Avenue
Sarasota .....50 North Tamiami Trail
West Palm Beach 216 Datura Street
GEORGIA
Atlanta .....1300 Trust Co. of Ga. Bldg.
HAWAII
Hilo .....73 Kamehameha Avenue
Honolulu .....828 Fort Street
Wailuku .....1820 Wells Street
ILLINOIS
Aurora .....2 S. Broadway
Chicago .....122 South LaSalle Street
Decatur .....259 So. Park St.
Moline .....1533 Fifth Avenue
Oak Brook .....110 Oak Brook Center Mall
Peoria .....311 Main Street
Springfield .....329 South 6th Street
INDIANA
Gary .....12 West 6th Avenue
Indianapolis .....132 North Pennsylvania St.
South Bend .....210 W. Jefferson Blvd.
Terre Haute .....660 Ohio St.
IOWA
Cedar Rapids .....304 2nd Ave. S.E.
Waterloo .....626 Commercial Street
KANSAS
Wichita .....100 E. Douglas Ave.
LOUISIANA
New Orleans .....237 Carondelet Street
Shreveport .....320 Milam Street
MAINE
Portland .....630 Congress Street
MARYLAND
Baltimore .....31 Charles Plaza
MASSACHUSETTS
Boston .....109 Franklin Street
Springfield .....1200 Main Street
MICHIGAN
Detroit .....171 W. Congress St.
Flint .....108 W. Kearsley St.

MINNESOTA
Minneapolis .....100 First Nat'l Concourse Bldg.
MISSOURI
Kansas City .....129 West Tenth St.
St. Louis .....326 N. Broadway
NEBRASKA
Omaha .....108 Klewit Plaza
NEVADA
Las Vegas .....3630 Maryland Parkway
NEW JERSEY
Newark .....10 Commerce Court
NEW YORK
Elmira .....219 State Street
Hempstead .....175 Fulton Avenue
Manhasset .....1586 Northern Blvd.
New York City:
57 Broad Street — 30 Rockefeller Plaza
1409 Broadway — 144 E. 86th St.
309 Madison Ave. — 202 W. 72nd St.
445 Park Avenue — 189 Montague St., Brooklyn
Rochester .....600 Midtown Tower
White Plains .....175 Main Street
OHIO
Akron .....10 East Mill Street
Cincinnati .....Three East 4th Street
Cleveland .....666 Euclid Avenue
Toledo .....600 Madison Avenue
OKLAHOMA
Oklahoma City ...204 North Robinson Street
OREGON
Eugene .....7 E. Broadway
Portland .....508 S.W. Sixth Avenue
PENNSYLVANIA
Philadelphia .....1620 Chestnut Street
Pittsburgh .....One Oliver Plaza
Reading .....533 Penn Square
RHODE ISLAND
Providence .....510 Industrial Nat'l Bank Bldg.
TENNESSEE
Memphis .....6 South Second Street
TEXAS
Dallas .....1315 Main Street
Houston .....Humble Building
UTAH
Salt Lake City .....115 So. Main Street
VERMONT
Burlington .....161 Bank Street
VIRGINIA
Norfolk .....246 East Main Street
Richmond .....629 East Main Street
Roanoke .....101 W. Campbell Avenue
WASHINGTON
Seattle .....1411 4th Avenue
WISCONSIN
Madison .....215 East Washington Avenue
Milwaukee .....606 North Broadway
CANADA
Montreal C.I.L. House .....630 Dorchester Blvd. W.
Toronto .....11 Adelaide St. W.
Winnipeg .....55 Donald Street
GERMANY
6 Frankfurt/ Main 1 .....Bockenheimer Landstrasse 65
ITALY
Rome .....9 Piazza Madama
SWITZERLAND
Lausanne .....Galeries St. Francois A.

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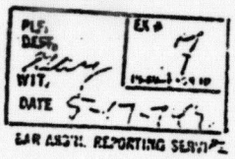


HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

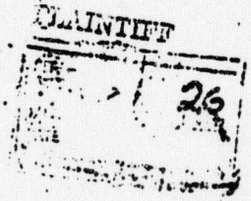
Francis I. du Pont & Co.:

We have examined the Answers to Financial Questionnaire (Part I of Form X-17A-5) of Francis I. du Pont & Co. as of September 28, 1969. Our examination was made in accordance with generally accepted auditing standards and with the auditing requirements prescribed by the Securities and Exchange Commission, except that confirmations were not requested as to thirteen accounts of customers who were traveling and thirty-one customers' accounts in litigation; accordingly, it included a review of the accounting system, internal accounting control, and procedures for safeguarding securities and, to the extent we considered necessary in the circumstances, tests thereof for the period since the date of our last examination, tests of the accounting records, and other auditing procedures.

In our opinion, the accompanying Answers to Financial Questionnaire (Part I) present fairly, in the form required by the Securities and Exchange Commission, except for the answer to Question 6A explained in Note 3, the financial position of Francis I. du Pont & Co. at September 28, 1969, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

November 26, 1969

Haskins & Sells



FRANCIS I. du PONT & CO.

STATEMENT OF FINANCIAL CONDITION
AS OF SEPTEMBER 26, 1969

ASSETS

CURRENT ASSETS:		
Cash in banks and on hand		$ 28,660,000
Clearing funds and similar deposits		2,060,000
Deposits on account of securities borrowed		12,757,000
Receivable from other brokers or dealers:		
Securities sold but not delivered	27,662,000	
Equities in commodity accounts	105,000	
Open accounts	1,534,000	
Receivable from customers:		
Cash accounts	66,750,000	
Margin accounts (secured)	207,932,000	
Commodity trade accounts	88,000	
Securities owned - at market value:		
United States Government securities	151,388,000	
State and municipal securities	5,198,000	
Corporate securities	15,313,000	
Securities contributed as capital - at market value	14,646,000	
Demand notes of partners contributed as capital - collateralized by cash and securities	31,634,000	
Commissions receivable	966,000	
Miscellaneous current assets	7,369,000	
Total current assets		574,170,000
OTHER ASSETS:		
Memberships in exchanges - at market value		3,250,000
Furniture, equipment, and leasehold improvements (depreciated value)		3,939,000
Prepaid expenses		806,000
Investments in subsidiaries (approximate book values, $3,983,494)		2,281,000
Miscellaneous		2,211,000
TOTAL		$586,705,000

LIABILITIES

CURRENT LIABILITIES:		
Money borrowed on securities		$202,135,000
Deposits on account of securities loaned		44,457,000
Payable to other brokers or dealers:		
Securities bought but not received		44,550,000
Payable to customers:		
Cash accounts		20,758,000
Margin accounts (secured)		21,992,000
Accounts with free credit balances		45,810,000
Equities in commodity accounts		9,723,000
Securities sold but not yet purchased - at market value		51,706,000
Dividends and interest payable and unclaimed		3,616,000
Taxes payable and accrued		452,000
Commissions payable		468,000
Miscellaneous current liabilities		8,952,000
Total current liabilities		534,169,000
CAPITAL FUNDS:		
Borrowings under subordination agreements	$ 4,823,000	
Net worth	47,713,000	52,536,000
TOTAL		$586,705,000

ACCOUNTANTS' OPINION

Francis I. du Pont & Co.:

We have examined the statement of financial condition of Francis I. du Pont & Co. as of September 26, 1969. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a review of the accounting system, internal accounting control, and procedures for safeguarding securities, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above statement presents fairly the financial position of Francis I. du Pont & Co. at September 26, 1969, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York,

November 26, 1969

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FRANCIS I. du PONT & CO.

ANSWERS TO FINANCIAL QUESTIONNAIRE (PART I)
AS OF SEPTEMBER 20, 1969

412a

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
1. BANK BALANCES AND OTHER DEPOSITS.						
Cash on hand	$ 48,150.00					
Cash on deposit:						
Subject to immediate withdrawal	24,579,140.66					
Segregated under the Commodity Exchange Act	4,032,090.19					
Contributions to clearing organizations incident to membership:						
Cash	104,000.00			$ 615,000		
Exempted securities						
Deposits as margin on future commodity contracts or segregated under the Commodity Exchange Act:						
Regulated accounts:						
Cash	750,977.50			1,593,100		
Exempted securities						
Non-regulated accounts:						
Cash	127,460.00			1,031,750		
Exempted securities						
Deposits as guaranty on future commodities contracts:						
Cash	77,500.00					
Chicago Board of Trade Clearing Corporation stock (19 shares, allowed value, $72,200.00)	67,920.00					
Good-faith deposits deposited by Respondent in connection with commitments reported in the answer to Question 15	150,000.00					
Settlement balances with commodity clearing organizations:						
Regulated accounts	322,536.24					
Non-regulated accounts	406,420.54					
2. MONEY BORROWED, AND ACCOUNTS CARRIED FOR RESPONDENT BY OTHER BANKING OR BROKERAGE HOUSES, SECURED BY OR CONTAINING CUSTOMERS' COLLATERAL.						
A. Money borrowed:						
1. From banks, trust companies and other financial institutions:						
b. Secured by non-exempted securities		$167,389,000.00		236,962,386		
B. Accounts carried for Respondent by other banking or brokerage houses, including omnibus accounts:						
1. Securities accounts:						
a. Accounts with net debit balances	1,468,783.50		$ 2,372,763	1,633,309		
b. Accounts with net credit balances		58,710.07	150,697	225,831		
c. Accounts with zero balances			13,810	52,179		
2. Commodities accounts:						
a. Regulated commodities futures accounts:						
i. Accounts liquidating to an equity		31,981.97			$ 27,632.50	$ 800
ii. Accounts liquidating to a deficit	122,556.40					
b. Non-regulated commodities futures accounts:						6,830
i. Accounts liquidating to an equity		1,206.25			15,460.00	
ii. Accounts liquidating to a deficit	19,802.89					
FORWARD	$ 32,339,240.40	$167,490,898.29	$ 2,537,270	$242,113,555	$ 43,092.50	$ 7,630

(Continued)

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FRANCIS I. du PONT & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 28, 1962

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$32,339,240.40	$167,480,898.29	$ 2,537,770	$242,113,555	$ 43,092.50	$ 7,630
3. MONEY BORROWED, AND ACCOUNTS CARRIED FOR RESPONDENT BY OTHER BANKING AND BROKERAGE HOUSES, UNSECURED, OR SECURED ENTIRELY BY COLLATERAL OWNED BY RESPONDENT AND ITS PARTNERS OR ITS OFFICERS AND DIRECTORS OR BY SECURITIES COVERED BY "SATISFACTORY SUBORDINATION AGREEMENTS".						
A. Money borrowed:						
1. From banks, trust companies and other financial institutions		49,141,000.00		83,657,046		
2. Securities sold subject to repurchase agreements		65,604,951.20		64,613,150		
4. OTHER OPEN ITEMS WITH BROKERS AND DEALERS.						
A. Securities borrowed:						
1. Against securities pledged as collateral:						
Exempted securities borrowed against exempted securities			71,671,000			
Exempted securities pledged				71,625,000		
2. Other	12,756,959.02		11,569,818			
B. Securities failed to deliver (for Respondent $5,913,528, long value $5,699,300)	27,661,989.45		26,984,550			
C. Securities loaned:						
1. Against securities deposited as collateral:						
Exempted securities loaned against exempted securities				37,740,006		
Exempted securities deposited			18,408,300			
2. Other:						
Customers' securities		42,346,143.02		41,541,074		
Respondent's securities		2,110,926.47		1,873,423		
D. Securities failed to receive:						
1. For customers		35,756,358.57		34,425,666		
2. For Respondent		8,695,367.28		8,504,170		
3. Dividends on securities failed to receive on dividend record date				8,138,344		
Note: Security transactions outstanding 30 days or longer:						
Securities failed to deliver: Ledger debit balances	$5,563,080.12					
Long security valuations	4,435,958.00					
Securities failed to receive: Ledger credit balances	7,944,431.01					
Short security valuations	6,960,118.00					
5. VALUATIONS OF SECURITIES AND SPOT (CASH) COMMODITIES IN BOX, TRANSFER AND TRANSIT.						
A. Negotiable securities in box, transfer and in transit between offices of Respondent				171,408,505		
FORWARD	$72,758,188.87	$371,135,644.83	$131,170,938	$745,139,886	$ 43,092.50	$ 7,63

413a

FRANCIS I. du PONT & CO.
[illegible] TO FINANCIAL QUESTIONNAIRE, SEC.
[illegible] OF SEPTEMBER 29, 1969

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$ 72,758,188.87	$371,135,644.83	$131,170,938	$745,139,866	$ 43,092.50	$ 7,630.00
6. CUSTOMERS' SECURITY ACCOUNTS.						
A. Cash accounts (i.e., accounts having unsettled money balances and positions in securities that are governed by section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System) (Notes 2 and 3):						
1. Accounts with debit balances	66,790,104.49		83,335,156	28,535,525		
2. Accounts with credit balances		20,757,857.60	26,715,231	49,607,103		
B. Secured accounts:						
1. Accounts with debit balances	207,932,036.99		278,933,142	9,458,189		
2. Accounts with credit balances		21,587,290.36	4,649,300	18,499,716		
C. Partly secured accounts:						
1. Accounts with debit balances	2,535,648.01		1,960,799	481,671		
2. Accounts with credit balances		120,591.26	119,759	619,185		
3. Account in which the Respondent has a 50% interest	191,977.52		130,000			
D. Unsecured accounts (since collected $227,019.40, short value $83,016)	2,077,660.00			2,665,946		
E. Accounts with credit balances having open contractual commitments		404,854.53				
F. Accounts with free credit balances		45,869,757.91				
G. Fully paid securities not segregated (Note 2):						
Failed to receive from brokers			24,410,033			
Short in dividend accounts			3,706,679			
Short in omnibus accounts			337,797			
Short in trading and investment accounts of Respondent pending completion of open transactions (current items)			3,921,544			
Short in customers' accounts pending completion of open transactions			38,593,922			
Pledged in error (since corrected)			35,566,081			
Loaned in error (since corrected)			3,672,977			
7. CUSTOMERS' COMMODITY ACCOUNTS.						
A. Accounts with open future contracts liquidating to an equity:						
1. Regulated commodities	59,062.53	4,847,202.88			1,032,732.60	591,757.25
2. Non-regulated commodities	275,369.01	2,646,922.27			399,710.30	696,303.10
B. Accounts with open future contracts liquidating to a deficit:						
1. Regulated commodities	1,050.50	41,076.94			52,185.75	525.00
2. Non-regulated commodities	16,540.07	46,956.20			106,910.80	
D. Unsecured debit balances:						
1. Since collected	146,480.86					
2. Other	299,605.77					
E. Accounts with free credit balances:						
1. Regulated		1,530,464.34				
2. Non-regulated		1,176,892.84				
FORWARD	$353,939,612.62	$470,106,321.86	$637,272,158	$855,087,221	$1,634,031.95	$1,296,215.35

414a

(Continued)

FRANCIS I. du PONT & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 28, 1969

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$353,939,612.62	$470,106,321.86	$637,272,158	$855,087,721	$1,634,631.95	$1,296,715.35
9. GENERAL PARTNERS' INDIVIDUAL ACCOUNTS.						
B. All other individual accounts of general partners:						
1. Security accounts:						
a. Cash accounts:						
1. Accounts with debit balances	9,802.11		8,152	3,900		
b. Secured accounts:						
1. Accounts with debit balances	4,368.59		35,000			
f. Accounts with free credit balances		39,561.86				
1. TRADING AND INVESTMENT ACCOUNTS OF RESPONDENT.						
A. Securities accounts - ledger balances	119,653,032.88					
1. Exempted securities:						
b. Deposited as margin on regulated future commodities contracts or aggregated under the Commodity Exchange Act			1,593,100			
c. Deposited as margin on non-regulated future commodities contracts			1,031,750			
d. Deposited as contribution to clearing organizations incident to membership			615,000			
e. United States Government securities (including securities sold subject to repurchase agreements)			149,533,028	40,604,684		
f. Other exempted securities			3,748,623	332,110		
2. Non-exempted securities:						
a. Other non-exempted securities			8,998,104	7,009,078		
b. Domestic arbitrage			96,912	119,000		
B. Securities positions in failed to deliver and failed to receive accounts which are being researched for disposition	6,615,167.98		4,139,884	2,079,906		
11. CAPITAL ACCOUNTS:						
B. Partnership capital (Notes 4 and 5):						
1. Capital accounts of general partners:						
a. Ledger balances		93,879,369.27				
b. Exempted securities			805,030			
c. Non-exempted securities			1,333,920			
d. Unsecured notes of general partners contributed as capital in lieu of cash	573,000.00					
2. Capital accounts of special or limited partners:						
a. Ledger balances		10,034,639.[illegible]				
b. Exempted securities			3,[illegible],370			
c. Non-exempted securities			8,450,427			
3. Undistributed profit and loss accounts, including balances remaining in income and expense accounts (Note 6)	11,059,738.82					
12. SUBORDINATED ACCOUNTS.						
A. Subordinated accounts - borrowings by Respondent unconditionally subordinated to all claims of general creditors pursuant to written agreements (Note 4):						
2. Accounts with credit balances		4,667,965.23				
a. Exempted securities			8,160			
b. Non-exempted securities			146,965			
FORWARD	[illegible]91,855,103.00	$[illegible]78,777,856.54	$671,715,253	$905,236,099	$1,634,631.95	$1,296,715.35

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FRANCIS I. du PONT & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 26, 1969

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$491,855,183.00	$528,727,856.56	$821,715,253	$909,236,099	$1,634,631.95	$1,296,215.35
13. OTHER ACCOUNTS, ETC.						
A. Demand notes contributed as capital by general partners	31,316,98.08					
Collateralized by:						
Ledger balances		674,828.15				
Exempted securities			2,881,268			
Non-exempted securities			26,277,033			
B. Demand notes contributed as capital by special or limited partners	2,556,000.00					
Collateralized by:						
Ledger balances		78,116.26				
Exempted securities			193,720			
Non-exempted securities			2,008,112			
Exchange memberships owned by Respondent (market value, $3,257,934.06)	1,861,370.96					
Furniture, fixtures, and leasehold improvements (depreciated value)	3,938,936.96					
Dividends and interest receivable:						
1. Current items	1,701,576.16			738,880		
2. Other	3,511,240.20			3,964,627		
Insurance accounts - net	342,815.61					
Subscription and exchange account	198,523.26	69,061.57				
Accrued interest receivable:						
Fully margined customers' accounts	780,000.00					
Trading and investment accounts of Respondent:						
1. U. S. Government obligations	1,423,636.68					
2. Other	147,844.62					
Commissions receivable from customers:						
Future commodity accounts which are fully margined	174,773.25					
Future commodity accounts undermargined or in deficit	1,667.00					
Fully margined or cash security accounts	756,963.46					
Commissions receivable from others	17,828.43					
Investments in affiliates (at cost)	[illegible],456.04					
Receivable from affiliates (Note 8)	1,828,886.00					
Miscellaneous accounts receivable	1,326,383.64					
Prepaid expenses and deferred charges	845,531.15					
Free shipments to banks, brokers, and dealers	61,350.27					
Goodwill	65,871.00					
Accounts, advances, and notes receivable from employees	30,892.81					
Commissions payable		467,606.47				
Unclaimed dividends and interest payable		3,616,386.78	34,775,377			
Federal dividend taxes withheld at source		12,487.52				
Social security, withholding, and other payroll taxes payable		445,431.43				
Accrued compensation		2,050,619.52				
Accrued interest payable (bank loans)		1,295,767.15				
Accrued state and city taxes payable		3,572.71				
Valuation reserves:						
For security count differences and dividend accounts		4,600,000.00				
For bad debts		579,607.36				
Miscellaneous accounts payable (including other accrued expenses)		4,784,526.74				
Valuation of:						
1. Security count differences			129,900,000	6,950,000		
2. Dividend differences			868,698	1,809,845		
Commodity "differences" accounts:						
Regulated accounts	519,468.60				181,052.00	519,468.60
Non-regulated accounts		181,052.00				
TOTAL	$547,346,220.60	$547,346,220.60	$1,010,699,451	$1,010,699,451	$1,815,683.95	$1,815,683.95

(Continued)

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...STION
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14. CONTRACTUAL COMMITMENTS THAT ARE NOT RECORDED IN A LEDGER ACCOUNT FOR MONEY.

A. For account of Respondent:

1. When-issued contracts:

Exempted securities:	Quantity Bought	Quantity Sold	Total Cost	Total Proceeds	Position Long (Short)	Approximate Market Valuation Price	Approximate Market Valuation Long (Short)	Unrealized Profit (Loss)
Austin, Texas, Electric Light Power Rev. 4%, 10/1/51	$ 300,000		$ 219,441.00		$300,000	71	$213,000	$(6,441.00)(16)
Montgomery, Ala., Jackson Hospital 7-1/2%, 10/1/82	45,000	$ 90,000	46,462.00	$ 91,600.00	(3,000)	103.36	(5,168)	450.00
Offsetting purchase and sales contracts resulting in a profit in each security	1,453,000	1,453,000	1,452,501.75	1,461,459.20				8,927.45
							$213,000	$ 2,516.45
							(5,168)	450.00
Total			$1,718,004.75	$1,813,139.20				

B. Underwriting commitments:

In accordance with the terms of the offering agreement, the Respondent had a commitment to purchase a maximum of 18,648 shares of Consolidated Edison Company of New York, Inc. common stock, par value $10, at $25.00 per share, representing shares not subscribed for by stockholders by September 29, 1969.

15. PARTICIPATIONS OF THE RESPONDENT IN JOINT TRADING AND INVESTMENT ACCOUNTS CARRIED BY OTHERS THAT ARE NOT RECORDED IN LEDGER ACCOUNTS FOR MONEY.

Exempted securities:	Good Faith Deposit	Net Long Position	Approximate Ledger Debit Balance	Respondent's Participation Net Long Position	Respondent's Participation Approximate Ledger Debit Balance	Respondent's Participation Approximate Market Valuation	Respondent's Participation Unrealized Profit (Loss)
Tazewell, Virginia, Water and Sewer 4-1/4%, due various maturities		$ 900,000	$ 900,000	$300,000	$ 300,000	$240,000	$(60,000)(10)
Various Pennsylvania bonds at various rates and maturities	$150,000	538,000	179,029	269,000	89,514	193,400	103,886 (10)
Total	$150,000	$1,438,000	$1,079,029	$ 69,000	$389,514	$433,400	$ 43,886

16. UNRECORDED ASSETS, LIABILITIES AND ACCOUNTABILITIES.

A. There are several lawsuits pending against Respondent which, in the opinion of the Respondent and counsel, if decided adversely, would have no material effect on the capital of the Respondent.

B. The Respondent had a liability at September 29, 1969 for drafts deposited for immediate credit in the aggregate amount of $4,942,899.06.

C. The Respondent sold the following municipal bonds with agreements to repurchase at the price at which such bonds were sold. The cost of bonds sold has been deleted from Firm inventory.

Description of Security	Quantity	Repurchase Price	Approximate Market Price	Approximate Market Valuation
Martinsburg, West Va., Water and Sewer Revenue:				
3%, due 6/1/70	$25,000	$25,313	96	$24,000
3%, due 6/1/71	25,000	25,281	93-1/2	23,375
Spotsylvania County, Va., S.D. 3%, due 12/1/69	20,000	20,050	98-1/4	19,650
Virginia Toll Rev. 3%, due 9/1/94	25,000	21,750	91-1/2	22,875
Total		$92,394		$89,900

(Continued) - 6.

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FRANCIS I. du PONT & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 28, 1969

NOTES:

1. The term "exempted securities" has been used herein to designate securities exempted from registration under the Securities Exchange Act of 1934, otherwise than by action of the Securities and Exchange Commission.

2. The valuations of customers' securities in segregation or safekeeping have not been included in the foregoing answers. The Respondent follows the practice of automatically recording as segregated the securities long in cash accounts. As a result, the market valuations of securities long in cash accounts (Question 5A) may not bear a relation to the ledger balances; such valuations are included, in part, in the answers to Question 6G, accounts with free securities not segregated.

3. The answer to Question 6A includes all accounts designated as cash accounts by the Respondent other than accounts combined and reported in accordance with General Instruction B.6, unsecured accounts, accounts with credit balances having open contractual commitments, and accounts with free credit balances, which are included elsewhere in the answers to Question 6. A reserve has been provided for accounts considered doubtful of collection; such reserve is included in the answer to Question 13.

4. The Respondent has entered into an agreement with du Pont, Laird Securities, Inc., a corporation organized for the purpose of providing services and making investments, which provides, among other things, for "standby capital" which, if required for purposes of New York Stock Exchange net capital rules, may be subordinated to all claims of general creditors. The agreement provides for a maximum of $20,000,000 allowed capital value of which approximately $1,000,000 was on deposit and available for subordination at November 26, 1968. Copies of such agreement have been filed with the New York Stock Exchange.

   Subsequent to September 28, 1969 additional capital in the amount of approximately $1,589,000 was contributed to the Respondent. Such amounts are not included in the foregoing answers.

5. The answer to Question 11 (Part I) includes approximately $1,176,000 ledger credit balances and $566,000 market valuation of securities long which are authorized or proposed to be distributed or withdrawn within the six month period subsequent to the examination date after application of undistributed profit and loss. Of the amounts, $[illegible],000 ledger credit balances and $483,000 market valuation of securities long relate to the capital of a deceased partner which, in the opinion of Respondent, will be restored by the remaining partners.

6. In 1969 an adjustment was made in the amount of $1,558,453 representing an increase in amounts earned by the Respondent for distribution of securities underwritten by a wholly-owned subsidiary in years prior to 1969. In addition, the subsidiary

(Continued) - 7.

FRANCIS I. du PONT & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 28, 1969

NOTES - (Continued):

declared a cash dividend in the amount of $1,500,000. These amounts are included in undistributed profit and loss in Question 11.

7. The Respondent owns all of the oustanding stock of Francis I. du Pont & Co. S.A., Francis I. du Pont, A. C. Allyn, Inc., The Wall Street Leasing Corporation and Francis I. du Pont (U.K.) Limited. Francis I. du Pont, A. C. Allyn, Inc. owns all of the outstanding stock of Francis I. du Pont Municipals, Inc.

None of the above mentioned companies, other than Francis I. du Pont & Co. S.A., for which a separate Answers to Financial Questionnaire as of September 28, 1969 is being filed, hold cash or securities for others or enter into commitments for their own accounts.

8. The receivable from affiliates is not a "debit item" for Rule 325 purposes in that, the contra payable on the books of the affiliates was recorded by offsetting charges to income. The capital of the affiliates in excess of minimum requirements is considered (per letter from the New York Stock Exchange dated June 19, 1969) as additional "net capital" of the Respondent for Rule 325 purposes.

(Concluded) - 1

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

F. I. duPont, Glore Forgan & Co.:

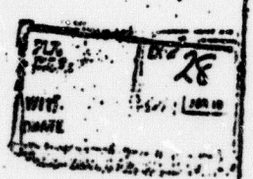
We have examined the Answers to Financial Questionnaire (Part I) and Supplementary Schedules (Part II), except for the answers to Item (a)(ii) and Item (b) of Part II, of F. I. duPont, Glore Forgan & Co. as of September 27, 1970. Our examination was made in accordance with generally accepted auditing standards and with the auditing requirements prescribed by the New York Stock Exchange; accordingly, it included a review of the accounting system, internal accounting control, and procedures for safeguarding securities and, to the extent we considered necessary in the circumstances, tests thereof for the period since the date of our last examination, tests of the accounting records, and other auditing procedures.

In our opinion, subject to the effect of the disposition of unresolved securities differences, customer accounts in deficit and the reserves provided therefore, as explained in Note 2, the accompanying Answers to Financial Questionnaire (Part I) present fairly, in the form required by the New York Stock Exchange, except the response to Question 6A explained in Note 7, the financial position of F. I. duPont, Glore Forgan & Co. at September 27, 1970 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, and, except for the answers to Item (a)(ii) and Item (b) as to which we do not express any opinion, the Supplementary Schedules (Part II), when considered in relation to the Answers to Financial Questionnaire, present fairly in all material respects the information shown therein.

Except for the answer to Item (I), as to which we do not express any opinion, our examination also comprehended the Schedule of Information Required by the New York Stock Exchange for Computation of Net Capital Under Rule 325 (Part III), and, in our opinion, this Schedule, when considered in relation to the Answers to Financial Questionnaire, presents fairly in all material respects the required information.

November 25, 1970

Haskins & Sells



ACCORD TO FINANCIAL STATEMENT (PART I)
AS OF SEPTEMBER 27, 1970

CLASSIFICATION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS U.S. ST. ETC.	SECURITY VALUATIONS OTHER	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
1. CASH BALANCES AND OTHER DEPOSITS.						
Cash on hand	$ 25,497.53					
Cash on deposit:						
Subject to immediate withdrawal	27,853,618.78					
Segregated under the Commodity Exchange Act	5,281,930.00					
Contributions to clearing organizations incident to membership						
Cash	640,578.66					
Exempted securities				$ 847,823		
Deposits as margin on future commodity contracts or segregated under the Commodity Exchange Act:						
Regulated accounts:						
Cash	480,930.00					
Exempted securities				2,271,053		
Non-regulated accounts:						
Cash	158,000.00					
Exempted securities				939,150		
Deposits as guaranty on future commodities contracts:						
Cash	77,500.00					
Chicago Board of Trade Clearing Corporation stock (12 shares, allowed value, $73,150.00)	67,930.00					
Good-faith deposits deposited by Respondent in connection with completed underwriting commitments	27,500.00					
Settlement balances with commodity clearing organizations:						
Regulated accounts	6,248.00					
Non-regulated accounts	61,248.00					
2. MONEY BORROWED, AND ACCOUNTS CARRIED FOR RESPONDENT BY OTHER BANKING OR BROKERAGE HOUSES, SECURED BY OR CONTAINING CUSTOMERS' COLLATERAL.						
A. Money borrowed:						
1. From banks, trust companies and other financial institutions:						
b. Secured by non-exempted securities		$149,646,000.00		[illegible]		
B. Accounts carried for Respondent by other banking or brokerage houses, including omnibus accounts:						
1. Securities accounts:						
a. Accounts with net debit balances:						
1. Securities positions carried for duPont, Glore Forgan Incorporated - contra positions carried by affiliate	969,259.72		$3,470,618	817,[illegible]		
2. Other	3,357,127.89		5,379,176	1,063,[illegible]		
b. Accounts with net credit balances		3,951.24	1,430	31,[illegible]		
c. Accounts without ledger balances			600	9,[illegible]		
2. Commodities accounts:						
a. Regulated commodities futures accounts:		15,778.45				
i. Accounts liquidating to an equity					$ 144,801.75	$ 225.00
ii. Accounts liquidating to a deficit	144,162.60					22,403.75
b. Non-regulated commodities futures accounts:		8,[illegible]6.75				5,428.00
i. Accounts liquidating to an equity						
ii. Accounts liquidating to a deficit	85,[illegible]71.86					
FORWARD	$ 39,276,[illegible]71.93	$149,[illegible]74,466.44	$8,851,822	$[illegible]46,[illegible]97,[illegible]72	$ 144,801.75	$ 28,056.75

(Continued) - 1.

421a

I. [illegible] & CO.
EXHIBIT TO FINANCIAL QUESTIONNAIRE, SEC.
AS OF [illegible]

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$ 39,276,171.93	$149,870,466.00	$ 8,851,[illegible]	[illegible]	$ 144,[illegible]	$ 28,056.75
3. MONEY BORROWED, AND ACCOUNTS CARRIED FOR RESPONDENT BY OTHER BANKING AND BROKERAGE FIRMS, AS DESCRIBED, OR SECURED DIRECTLY OR COLLATERAL OWNED BY [illegible] AND [illegible] PARTNERS OR ITS OFFICERS AND DIRECTORS, OR BY SECURITIES LOANED BY "SATISFACTORY SUBORDINATION AGREEMENTS".						
Amounts borrowed:						
1. From banks, trust companies and other financial institutions:						
a. Unsecured		27,500,000.00				
b. Other		49,300,620.00		72,200,[illegible]		
4. OTHER OPEN ITEMS WITH BROKERS AND DEALERS.						
A. Securities borrowed:						
1. Against securities pledged as collateral:						
Exempted securities borrowed against exempted securities			26,529,000			
Exempted securities [illegible] - Firm securities				21,700,[illegible]		
2. Other	11,149,909.19		11,520,752			
B. Securities failed to deliver	29,465,140.70		23,720,547			
C. Securities loaned:						
1. Against securities deposited as collateral:						
Exempted securities loaned against exempted securities - Firm securities				7,385,[illegible]		
Exempted securities deposited			7,877,000			
2. Others						
Customers' securities		31,506,329.45		30,497,[illegible]		
Respondent's securities		238,300.00		242,[illegible]		
D. Securities failed to receive:						
1. For customers		22,660,009.93		22,712,[illegible]		
2. For Respondent		10,154,650.26		10,081,[illegible]		
Note: Security transactions outstanding 30 days or longer:						
Securities failed to deliver:						
Ledger debit balances:						
Outstanding 30 through 39 calendar days	$ 626,[illegible].00					
Outstanding 40 through 49 calendar days	354,383.00					
Outstanding 50 through 59 calendar days	293,089.00					
Outstanding 60 calendar days or more	617,178.00					
Long security valuations	1,057,915.00					
Securities failed to receive:						
Ledger credit balances	3,916,179.00					
Short security valuations	3,813,219.00					
5. VARIATIONS OF SECURITIES AND SPOT (CASH) COMMODITIES IN BOX, TRANSFER AND TRANSIT.						
A. Negotiable securities in box, transfer and in transit between offices of Respondent				[illegible],[illegible].20		
B. Spot (cash) commodities represented by warehouse receipts or bills of lading in box and in transit between offices of Respondent				[illegible].70		
FORWARD	$ [illegible],910 41.77	$[illegible]	[illegible]	$ 518,[illegible]	$ 144,601.75	$ 28,056.75

(Continued) - 3.

422a

(SECURITIES AND EXCHANGE COMMISSION, ETC.
AS OF SEPTEMBER 2, 1970

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$ 74,910,771.77	$ 289,302,400.00	$ 72,339,[illegible]	$ 10,243,[illegible]	$ 144,801.75	$ 29,056.75
6. CUSTOMERS' SECURITY ACCOUNTS.						
A. Cash accounts (i.e., accounts having unsettled money balances and positions in securities that are governed by section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System) (Notes 5 and 7):						
1. Accounts with debit balances	57,171,712.74		58,426,375	8,959,[illegible]		
2. Accounts with credit balances		19,856,434.58	7,711,305	19,016,[illegible]		
B. Secured accounts:						
1. Accounts with debit balances	202,290,624.48		259,755,716	4,953,[illegible]		
2. Accounts with credit balances		21,759,209.32	5,278,117	20,858,[illegible]		
C. Partly secured accounts:						
1. Accounts with debit balances	1,640,624.03		1,083,935	133,[illegible]		
2. Accounts with credit balances		331,469.56	56,194	551,[illegible]		
D. Unsecured accounts:						
1. Since collected	187,184.00			330,[illegible]		
2. Other	4,427,136.00			2,068,[illegible]		
E. Accounts with credit balances having open contractual commitments		1,217,045.04				
F. Accounts with free credit balances		48,256,861.49				
G. Fully paid securities not segregated (Note 6):						
Failed to receive from brokers			8,773,573			
Short in dividend accounts			3,687,554			
Short in omnibus accounts			799,248			
Short in trading and investment accounts of Respondent pending completion of open transactions (current items)			1,879,216			
Short in customers' accounts pending completion of open transactions			19,858,736			
Pledged in error (since corrected)			42,550,109			
Loaned in error (since corrected)			1,749,154			
Short in difference accounts			2,974,773			
7. CUSTOMERS' COMMODITY ACCOUNTS.						
A. Accounts with open future contracts liquidating to an equity:						
1. Regulated commodities	12,997.14	5,389,780.84			1,037,542.75	506,793.50
2. Non-regulated commodities	98,147.26	2,748,450.34			1,104,564.19	295,509.45
B. Accounts with open future contracts liquidating to a deficit:						
1. Regulated commodities	17,923.14	3,150.82			17,425.25	5,528.75
2. Non-regulated commodities	8,437.80	79,985.56			118,691.84	4,405.00
C. Accounts with spot (cash) commodity positions:						
2. Not hedged:						
a. Secured		3,787.10	64,800			
b. Partly secured	22,215.13		10,900			
D. Unsecured debit balances:						
1. Since collected	671,389.28					
2. Other	75,737.76					
E. Accounts with free credit balances:						
1. Regulated		1,379,933.64				
2. Non-regulated		428,035.04				
FORWARD	$341,534,910.53	$393,776,549.41	$487,561,024	$ [illegible]5,143,[illegible]	$2,418,075.28	$ 840,293.45

(Continued) - 3.

423a

423a

...I. [illegible], GLICK ...MAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 27, 1970

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY POSITIONS LONG	SECURITY POSITIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$341,534,[illegible]50.53	$333,776,549.41	$487,561,02[illegible]	[illegible]5,143,[illegible]	$2,418,025.28	$40,293.45
9. GENERAL PARTNERS' INDIVIDUAL ACCOUNTS.						
B. All other individual accounts of general partners:						
1. Security accounts:						
a. Cash accounts:						
1. Accounts with debit balances	2,[illegible]36.[illegible]		9,[illegible]			
2. Accounts with credit balances		27,546.16	6,00[illegible]	5,[illegible]		
b. Secured accounts:						
1. Accounts with debit balances	83,818.91		114,865			
f. Accounts with free credit balances		25,926.95				
10. TRADING AND INVESTMENT ACCOUNTS OF RESPONDENT.						
A. Securities accounts - ledger balances	58,701,[illegible]42.89					
1. Exempted securities:						
b. Deposited as margin on regulated future commodities contracts or segregated under the Commodity Exchange Act.			2,271,09[illegible]			
c. Deposited as margin on non-regulated future commodities contracts			939,10[illegible]			
d. Deposited as contribution to clearing organizations incident to membership			[illegible]47,65[illegible]			
e. United States Government Securities			49,978,79[illegible]	8,863,[illegible]19		
f. Other exempted securities			3,689,022	795,[illegible]-9		
2. Non-exempted securities:						
a. Other non-exempted securities			12,120,98[illegible]	3,579,[illegible]35		
b. Domestic arbitrage			[illegible]42,95[illegible]	[illegible]42,[illegible]35		
11. CAPITAL ACCOUNTS.						
B. Partnership capital (Notes 3, 8, and 10):						
1. Capital accounts of general partners:						
a. Ledger balances		37,683,217.57				
b. Exempted securities			507,77[illegible]			
c. Non-exempted securities			581,79[illegible]			
2. Capital accounts of special or limited partners:						
a. Ledger balances		11,993,464.69				
b. Exempted securities			4,855,85[illegible]			
c. Non-exempted securities			7,634,89[illegible]			
3. Undistributed profit and loss accounts, including balances remaining in income and expense accounts (Note 1)	32,701,[illegible]36.87					
4. Unsecured demand notes of general and limited partners contributed as capital in lieu of cash	1,333,[illegible]80.00					
12. SUBORDINATED ACCOUNTS.						
A. Subordinated accounts - borrowings by Respondent unconditionally subordinated to all claims of general creditors pursuant to written agreements:						
2. Accounts with credit balances		10,586,309.73				
a. Exempted securities			3,927,82[illegible]			
b. Non-exempted securities			6,629,51[illegible]			
FORWARD	$434,356,[illegible]65.45	$454,093,014.51	$581,718,16-[illegible]	38,429,[illegible]-9	$2,418,025.28	$40,293.45

(Continued) - 4.

424a

[redacted] & CO.
ATTACHED TO FINANCIAL QUESTIONNAIRE, NFC.
AS OF SEPTEMBER 2, 1970

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$[illegible]	$[illegible]	$[illegible]	$[illegible]	$2,418,025.28	$ 840,793.45
13. OTHER ACCOUNTS, ETC.						
A. Demand notes contributed as capital by general partners	27,748,663.20					
Collateralized by:						
Ledger balances		6,673,056.27				
Exempted securities			5,919,[illegible]			
Non-exempted securities	4,499,000.00		13,177,144			
B. Demand notes contributed as capital by special or limited partners		114,886.39				
Collateralized by:						
Ledger balances			457,370			
Exempted securities			3,071,754			
Non-exempted securities	1,906,799.13					
Exchange memberships owned by Respondent (market value, $2,679,163.98)	3,483,097.83					
Furniture, fixtures and leasehold improvements (depreciated value)						
Dividends and interest receivable:						
1. Current items (less than 30 days of age)	522,127.76			1,750,527		
2. Other	3,960,90[illegible].29			4,686,468		
Subscription and exchange account		5,783.79				
Accrued interest receivable:						
Fully margined customers' accounts	775,000.00					
Trading and investment accounts of Respondent:						
1. U. S. Government obligations	353,331.71					
2. Other	75,279.00					
Commissions receivable from customers:						
Future commodity accounts which are fully margined	188,502.75					
Future commodity accounts undermargined or in deficit	2,360.50					
Fully margined or cash security accounts	1,874,835.31					
Commissions receivable from others	943.51					
Investments in affiliates (at equity)	3,640,418.67					
Receivable from affiliates	241,480.18					
Miscellaneous accounts receivable	323,430.27					
Prepaid expenses and deferred charges	922,983.18					
Free shipments to banks, brokers, and dealers (current items, $5,697.84)	5,697.84					
Goodwill	45,871.00					
Accounts, advances, and notes receivable from employees	108,710.77					
Suspense accounts	2,346,718.90	1,043,712.34	788,478	694,353		
Commissions payable		417,122.39				
Unclaimed dividends and interest payable		1,122,653.49	1,982,737			
Federal dividend taxes withheld at source		12,212.40				
Social security, withholding, and other payroll taxes payable		338,292.68				
Accrued compensation		2,168,862.52				
Accrued interest payable (bank loans)		1,116,154.79				
Accrued state and city taxes payable		54,482.10				
Pending insurance claims (current items $1,205,254 per M.F. circular 276)	81,712.52			1,575,158		
Payable for 1969 securities differences bought in (Note 1)		6,000,000.00				
Miscellaneous accounts payable (including other accrued expenses)		3,478,474.19				
Valuation of security count differences			10,083,87[illegible]	19,948,159		
Commodity "difference" accounts:						682,222.00
Regulated accounts	682,222.00					895,509.83
Non-regulated accounts	895,509.83					
FORWARD	$489,062,116.90	$476,535,707.84	$617,144,47[illegible]	[illegible]616,58[illegible]115	$2418,025.28	$2,418,025.28

(Continued) - 5.

(...) MORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 27, 1976

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITIES LONG	SECURITIES SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$499,062,116.90	$496,638,707.84	$617,[illegible]	$16,[illegible]	$2,418,025.28	$2,418,025.28
13. OTHER ACCOUNTS, ETC. - (Continued).						
Omnibus accounts:						
Clifford, Olore Morgan Incorporated - (current item, since collected, $2,670,475)	7,501,903.92		303,[illegible]	9[illegible]		
Hirsch & Co. - (current item, since collected $574,787.02)	574,787.02		98,[illegible]	9[illegible]		
Valuation reserves (Note 2):						
Dividend accounts		1,500,000.00				
Bad debts		2,500,000.00				
Liability reserves (Note 2):						
Security count differences		5,000,000.00				
Dividend accounts		3,000,000.00				
Bad debts		2,500,000.00				
Suspense accounts		1,000,000.00				
TOTAL	$502,138,707.84	$502,138,707.84	$617,626,[illegible]	$617,626,[illegible]	$2,418,025.28	$2,418,025.28

(Continued) - 6.

427a

[illegible] GLORE FORGAN & CO.
[illegible] FINANCIAL CORP., ETC.
[illegible] SEPTEMBER 30, 1970

[illegible]

CONTRACTUAL COMMITMENTS THAT ARE NOT RECORDED IN A LEDGER ACCOUNT FOR MONEY.

	Rat-ing	Quantity Bought	Quantity Sold	Total Cost	Total Proceeds	Position Long (Short)	Approximate Market Price	Approximate Market Valuation Long (Short)	Unrealized Profit (Loss)	Note
A. For account of Respondent:										
1. Executed when-issued contracts:										
a. U.S. Government obligations, etc.:										
Banks for Cooperatives 7.10%, due 4/1/71.		$ 5,515,000	$ 3,500,000	$ 5,517,787	$ 3,561,187	$ 1,955,000	100-22	$ 1,957,444	$ 844	(2)
Banks for Cooperatives 7.30%, due 10/1/72		8,000,000	8,000,000	8,009,063	8,077,406	75,000	100-22	75,055	13,310	(2)
Federal Intermediate Credit Bank 7.10%, due 7/1/71		11,540,000	7,640,000	11,543,662	7,648,962	3,895,000	100-22	3,899,869	3,169	(2)
Government National Mortgage Association 8-1/8%, due 10/[illegible]/[illegible]		7,150,000	7,050,000	7,161,375	7,091,234	100,000	103	103,000	25,850	(2)
U.S. Treasury Bill due 9/30/71		14,000,000		14,987,379		14,000,000	99.[illegible]8500	14,975,662	(11,717)	(1)
b. Other (various rates and maturities):										
Charlotte Joint Sewage Authority, Pennsylvania	BAA	75,000	85,000	7-,625	85,000	[illegible]	100	(10,000)	375	
Godwin Heights Public Schools, Kent County, Michigan	A		85,000		85,025	[illegible]	100.34	(85,085)		
Kiski Area School Authority, Pennsylvania	A	45,000	50,000	44,775	50,000	[illegible]	100	(5,000)	225	
Little Falls I.S.D. #482, Minnesota	BAA		120,000		120,091	[illegible]	100.11	(120,112)	(571)	
Marion County Health Hospital Corporation, Indiana	AAA		120,000		120,061	120,000	100.10	(120,000)	(7)	
Muncie Sanitation District, Indiana	AA		30,000		30,000	30,000	100	(30,000)		
Poudre R-1 S.D., Larimer County, Colorado	AA		100,000		100,095	100,000	100.09	(100,090)	5	
Offsetting purchase and sale contracts resulting in an unrealized profit in each security		5,020,000	5,020,000	5,037,470	5,002,715				45,245	
2. Non-executed when-issued contracts:										
Offsetting purchase and sale contracts resulting in an unrealized profit in each security.		565,000	565,000	39-,948	377,350				2,402	
3. Delayed delivery contracts (non-exempted securities):										
Commonwealth Edison Co., 7-3/4%, due 10/1/76			1,295,000		1,290,050	(1295,000	100.250	(1,298,238)	(192)	
General Electric Credit Corp., 8-1/2%, due 10/1/76			1,470,000		1,472,940	(1470,000	101.100	(1,492,050)	(19,110)	
Texas Gas Transmission Corp., 9-3/4%, due 10/1/90			447,000		444,285	447,000	99.[illegible]2	(445,983)	(1,716)	
								$(3,712	6)	$(32,755)
Total				$14,[illegible]3,[illegible]0	$12,[illegible]3,977			29,761	9	28,452

NOTE: Figures represent percentages to be used in determining the charge against capital in accordance with Rule 325 (Capital Requirements) of the New York Stock Exchange.

SCHEDULE OF MARKET VALUATIONS BY PERCENTAGE CHARGE
UNDER RULE 325 (CAPITAL REQUIREMENTS) OF THE
NEW YORK STOCK EXCHANGE

	Percentage Charge	Total Market Valuation	Amount of Charge	Unrealized Profit (Loss)	Net Basis
Long positions	15	$14,[illegible]3,662	$2,[illegible]9,757	$(11,717)	$12,[illegible]6
"	25	75,095	501	13,310	
"	30	[illegible]3,020	3,090	25,050	
Sale contracts resulting in an unrealized loss in each security					75,038
TOTAL		$1[illegible]3,[illegible]7	$[illegible]3,[illegible]6	$ 27,460	$[illegible]3,[illegible]2

(Continued) - 7.

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 27, 1970

QUESTION NO.

16. UNRECORDED ASSETS, LIABILITIES AND ACCOUNTABILITIES.

A. There are several lawsuits pending against Respondent which, in the opinion of the Respondent and counsel, if decided adversely, would have no material effect on the capital of the Respondent.

B. The Respondent had a liability at September 27, 1970 for drafts deposited for immediate credit in the aggregate amount of $5,794,861.00.

(Continued) - 8.

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 27, 1970

NOTES:

1. Subsequent to September 27, 1970 securities differences dated prior to 1970, amounting to $4,300,000 long value and $10,300,000 short value, were liquidated. The loss realized has been charged to undistributed profit and loss.

2. Reserves in the amount of $15,500,000 have been provided for possible losses in connection with security count differences, debit balances and short security positions in customer accounts, dividend accounts and suspense accounts. Ultimate losses, if any, are not determinable until research efforts presently in progress have been completed.

3. During November 1970, certain securities in capital accounts of partners were liquidated to provide, for Rule 325 purposes, additional capital required to cover additional charges arising in connection with the unannounced audit. The additional capital (excess of proceeds over allowed value of securities sold) amounted to $6,600,000.

4. On July 3, 1970 (re-executed September 25, 1970) the Respondent entered into an agreement with Electronic Data Systems Corporation (EDS) which provided, among other things, for the exchange of all of the stock in Wall Street Leasing Corporation, a wholly-owned affiliate of the Respondent having a net asset value of $1,700,000, for 42,500 shares of EDS common stock; and, a sale of certain municipal bonds having a market value of $2,426,000 (allowed value for Rule 325 purposes $2,183,000) on July 3, 1970 (see Schedule 13 of Part II) for 57,500 shares of EDS stock.

   The 100,000 shares of EDS stock received in connection with the transactions had an aggregate market value of $4,100,000 on July 3, 1970 and $6,300,000 on September 25, 1970. A registration statement on Form S-1 (No. 2-38663) registering such shares was filed with the Securities and Exchange Commission on October 23, 1970. The shares will be considered readily marketable when the registration statement becomes effective.

   The closing of the above agreement and the exchange of assets in connection therewith, will be held within 15 days after the effective date of the registration statement or within 5 days after the New York Stock Exchange shall have approved, for purposes of Rule 325 capital requirements, the use of the EDS common stock; therefore, the above-mentioned municipal bonds are to be included as capital for Rule 325 purposes until use of the EDS stock has been approved.

   The above transactions were recorded in the general books of account as of September 25, 1970 and have been reflected in the accompanying Answers to Financial Questionnaire as of September 27, 1970.

5. The term "exempted securities" has been used herein to designate securities exempted from registration under the Securities Exchange Act of 1934, otherwise than by action of the Securities and Exchange Commission.

(Continued) - 9.

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER [illegible] 1970

NOTES - (Continued):

6. The valuations of customers' securities in segregation or safekeeping have not been included in the foregoing answers. The Respondent follows the practice of automatically recording as segregated the securities long in cash accounts. As a result, the market valuations of securities long in cash accounts (Question 6A) may not bear a relation to the ledger balances; such valuations are included, in part, in the answers to Question 6B, accounts with free securities not segregated.

7. The answer to Question 6A includes all accounts designated as cash accounts by the Respondent other than accounts combined and reported in accordance with General Instruction B.6, unsecured accounts, accounts with credit balances having open contractual commitments, and accounts with free credit balances, which are included elsewhere in the answers to Question 6. A reserve has been provided for accounts considered doubtful of collection; such reserve is included in the answer to Question 13.

8. The answer to Question 11 (Part I) includes approximately $515,500 ledger credit balances and $4,497,000 market valuation ($3,442,000 Rule 325 allowed market value) of securities long which are authorized or proposed to be distributed or withdrawn within the six month period subsequent to the examination date after application of undistributed profit and loss.

9. The Respondent owns all of the outstanding common stock of Francis I. du Pont & Co. S.A., duPont, Glore Forgan Incorporated, Francis I. du Pont, A. C. Allyn, Inc., Hirsch & Co. Incorporated, and Francis I. du Pont (U.K.) Limited. Francis I. du Pont, A. C. Allyn, Inc. owns all of the outstanding stock of duPont, Glore Forgan Municipals, Inc.

Francis I. du Pont & Co. S.A., and duPont, Glore Forgan Incorporated are each filing Answers to Financial Questionnaire (Form X-17A-5) as of September 27, 1970. None of the other above-mentioned companies hold cash or securities for others or enter into commitments for their own accounts; therefore, separate Answers to Financial Questionnaire are not being filed.

The net capital in excess of minimum required by New York Stock Exchange computed in accordance with Rule 325 for Francis I. du Pont, A. C. Allyn, Inc. ($1,871,066) and Hirsch & Co. Incorporated ($1,233,289) is considered as additional "net capital" of the Respondent for Rule 325 purposes per letters from the New York Stock Exchange dated June 19, 1969 and August 13, 1970, respectively.

10. Subsequent to September 27, 1970 additional capital in the amount of approximately $2,000,000 was contributed to the Respondent. Such amounts are not included in the foregoing answers.

(Continued) - 10.

I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF SEPTEMBER 27, 1970

NOTES - (Continued):

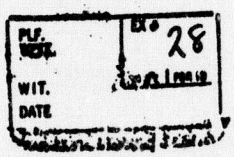
11. In November 1970, a substantial portion of securities in firm trading accounts were liquidated and a Firm policy was adopted which limits the total investment in such accounts. The percentage charge of market value of securities in such accounts, pursuant to New York Stock Exchange Rule 325, at September 27, 1970 amounted to approximately $1,800,000; the percentage charge after the policy change amounted to approximately $600,000. This policy and the resultant reduction in percentage charges will be consistently followed in the future.

(Concluded) - 11.

F. I. duPONT, GLORE FORGAN & CO.

ANSWERS TO FINANCIAL QUESTIONNAIRE AS OF SEPTEMBER 27, 1970
(PART III, SUPPLEMENTARY INFORMATION REQUIRED BY
NEW YORK STOCK EXCHANGE FOR COMPUTATION OF
NET CAPITAL UNDER RULE 325 (CAPITAL REQUIREMENTS))

(A)	Revised amounts in customers' accounts reported in answer to Question 7(b) after application of current outstanding margin calls and excess equities in related accounts:	
	Regulated accounts:	
	Liquidating deficits reported in Schedule 11 of Part II.....	$ 26,668.82
	Deduct - Current outstanding margin calls and excess equities in related accounts.....	25,720.61
	Revised amount of liquidating deficit.....	$ 948.21
	Non-regulated accounts:	
	Liquidating deficits reported in Schedule 11 of Part II.....	$ 42,789.08
	Deduct - Current outstanding margin calls and excess equities in related accounts.....	41,397.33
	Revised amount of liquidating deficit.....	$ 1,391.75
(B)	Cash required after application of current outstanding calls for margin or other deposits:	
	(2) To provide margin in customers' security accounts in accordance with the maintenance requirements of Rule 431 (Margins) after application of "when-issued" and other open contractual commitments, exclusive of bona fide cash accounts, joint accounts in which the Respondent has an interest, and accounts in deficit.....	$ 376,365.00
	(5) To provide margin in customers' commodity accounts equal to the standards set in Rule 325 (Capital Requirements) exclusive of liquidating deficits.....	$ 34,161.13



(Continued) - 1.

SCHEDULE B

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY EDMOND duPONT INCLUDED IN THE ANSWER TO QUESTION 11(B)(1):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from:			
Jesse Loven:			
Non-exempted securities:			
American Dualvest Fd Cap.....	100	8	$ 800
Amer Research Develp.....	70	68	4,760
American Tel & Tel.....	50	44	2,200
Chrysler Corp.....	100	27	2,700
Conn Genl Insurance Corp.....	75	59	4,425
General Motors.....	100	73	7,300
Intl Business Machines.....	40	288	11,520
Kerr Mc Gee Corp.....	50	98	4,900
Litton Ind. $2.50 Part Pref.....	25	27	675
Southern Ry.....	50	54	2,700
Standard Oil of Calif.....	105	46	4,830
Union Oil Calif.....	100	36	3,600
Marcor 6 1/2%, due 10/15/88 Reg...	$ 10,000	79	7,900
TOTAL.....			$ 88,310
Hubert I. duPont:			
Exempted securities:			
Federal Home Loan Banks, Ser. C, 8.20%, due 2/25/72.....	$ 35,000	101	$ 35,350
Federal Home Loan Banks 8.20%, due 5/25/71.....	35,000	100	35,000
Federal Inter Credit Bank 8.15%, due 3/1/73.....	35,000	101	35,350
Federal Land Banks 7.80%, due 10/22/73.....	27,000	101	27,270
Total.....			132,970
Non-exempted securities:			
American Tel & Tel.....	400	44	17,600
duPont de Nemours.....	911	119	108,409
General Motors.....	452	73	32,996
Standard Oil Co. (New Jersey).....	394	65	25,610
Total...			184,615
TOTAL.....			$ 317,585
Mrs. Marie duPont Davies:			
Non-exempted securities:			
duPont de Nemours.....	842	119	$ 100,198
General Motors.....	500	73	36,500
Hercules, Inc.....	1,782	37	65,934
Raytheon Co.....	500	22	11,000
Southwestern Pub. Svc.....	1,500	11	16,500
Standard Oil Co. (New Jersey).....	402	65	26,130
TOTAL.....			$ 256,262

SCHEDULE B

F. I. duPONT, GLORE [illegible] & CO.
FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY EDMOND duPONT INCLUDED IN THE ANSWER TO QUESTION 11(B)(1) - (Continued):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from - (Continued):			
Anthony Averall duPont:			
Exempted securities:			
California 3.40%, due 3/1/94	$ 50,000	59	$ 29,500
California Sch 3.20%, due 11/1/82	50,000	69	34,500
California 3-5/8%, due 4/1/86	100,000	69	69,000
California 3-3/4%, due 12/1/2007	50,000	58	29,000
California Wtr 3-5/8%, due 12/1/94	50,000	62	31,000
Los Angeles Calif Dev 3-1/2%, due 10/1/81	25,000	70	17,500
San Francisco B A R T 3-1/2%, due 6/15/88-78	75,000	63	47,250
San Francisco B A R T 3-3/4%, due 6/15/87	125,000	67	83,750
San Francisco B A R T 3.65%, due 6/15/88	25,000	65	16,250
Total			357,750
Non-exempted security:			
Lockheed Aircraft	200	12	2,400
TOTAL			$ 360,150
Mrs. Leta Adams Carr:			
Non-exempted securities:			
Centl Ill Light Co	300	22	$ 6,600
Centl So West Corp	200	43	8,600
Columbia Gas System	100	32	3,200
duPont de Nemours	25	119	2,975
General Electric Co	100	82	8,200
General Motors	150	73	10,950
Pfizer Inc	300	33	9,900
Southern Co	600	21	12,600
Southwestern Pub Svc	500	11	5,500
Stand Oil of Calif	254	46	11,684
TOTAL			$ 80,209
Lamont duPont Copeland, Sr:			
Exempted securities:			
Alfred I. duPont, S. D. Del., 6%, due 8/1/72	$ 25,000	103	$ 25,750
Claymont, SSD Del., 2-7/8%, due 7/15/75	10,000	83	8,300
Claymont, Del. 3-3/4%, due 4/1/71	80,000	99	79,200
Delaware 2.40%, due 4/15/72	10,000	95	9,500
Delaware State Sch. 1.90%, due 9/1/71	55,000	96	52,800
Delaware 2.60%, due 3/1/75	25,000	86	21,500
FORWARD			$ 197,050

SCHEDULE B

F. I. duPONT, GLORE FORGAN & CO.
FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY EDMOND duPONT INCLUDED IN THE ANSWER TO QUESTION 11(B)(1) - (Continued):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from - (Continued):			
Lamont duPont Copeland, Sr. - (Continued):			
Exempted securities - (Forward)			$ 197,050
Delaware 2.60%, due 3/1/77	$ 25,000	79	19,750
Delaware 2-3/4%, due 3/15/72	25,000	96	24,000
Delaware 2-3/4%, due 3/15/73	25,000	94	23,500
Delaware Sch., 2.80%, due 10/1/72	50,000	95	47,500
Delaware St. Cap. Imp. 290%, due 11/15/75	50,000	86	43,000
Delaware 6%, due 6/1/76	100,000	105	105,000
Dover, Delaware 2-1/4%, due 6/15/73	10,000	89	8,900
Dover, Delaware 3%, due 4/1/77	15,000	80	12,000
Dover Wtr. Sys. 3.10%, due 6/1/72	50,000	96	48,000
Dover, Delaware 3-1/8%, due 3/1/88	25,000	60	15,000
Dover, Delaware 3.40%, due 2/15/75	200,000	89	178,000
Georgetown, Dela. 3-1/2%, due 8/1/71	10,000	98	9,800
Harrington, Del. 3-3/4%, due 10/1/75	20,000	89	17,800
Hawaii, Territory, 3.10%, due 6/1/74	25,000	90	22,500
Jackson, Twp, N.J. 3-1/2%, due 12/1/70	20,000	99	19,800
Lincoln Park, N.J. Bd. of Ed., 3.30%, due 12/1/70	60,000	99	59,400
Milford, Dela., Swr. Sys. 3%, due 1/1/72	10,000	96	9,600
Milford, Dela., Swr. Sys. 3%, due 1/1/74	5,000	89	4,450
Milford, Dela., Swr. Sys. 3%, due 1/1/75	5,000	85	4,250
Neptune Twp., N.J. 3.70%, due 10/1/70	50,000	100	50,000
Newark, Dela., Wtr. Swr. 2-1/8%, due 12/1/75	5,000	78	3,900
Newark Spec. Sch. Dist. 2-1/2%, due 5/1/71	5,000	98	4,900
Newark, Dela. 5-7/8%, due 6/15/74	75,000	103	77,250
New Castle Co., Dela., 2-3/8%, due 1/1/73	10,000	92	9,200
New Castle Co., Dela., 2-3/8%, due 1/1/88	25,000	53	13,250
New Castle Co., Dela., 2-3/8%, due 1/1/90	50,000	50	25,000
FORWARD			$1,052,800

SCHEDULE B

F. I. duPONT, GLORE FORGAN & CO.
FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY EDMOND duPONT INCLUDED IN THE ANSWER TO QUESTION 11(B)(1) - (Continued):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from - (Continued):			
Lamont duPont Copeland, Sr. - (Continued):			
Exempted securities - (Forward).....			$1,052,800
New Castle Co., Dela., Swr. Sys. 2-3/8%, due 1/1/89.....	$ 50,000	49	24,500
New Castle Co., Dela., 2-5/8% due 4/1/86.....	30,000	58	17,400
New Jersey Tpk. Auth. 3-1/4%, due 1/1/85.....	21,000	93	19,530
New York City 3-1/2%, due 1/15/76.	50,000	84	42,000
Ohio Tpk. Rev. 3-1/4%, due 6/1/92.	51,000	85	43,350
Philadelphia, Pa., 3-1/4%, due 1/1/75.....	100,000	85	85,000
Puerto Rico Indust. Dev. 3.40%, due 1/1/72.....	30,000	94	28,200
Puerto Rico Indust. Dev. 3.40%, due 7/1/72.....	50,000	94	47,000
Puerto Rico 3.90%, due 7/1/76.....	65,000	88	57,200
Puerto Rico Wra Elec. Rev. 2-1/2%, due 1/1/73.....	25,000	92	23,000
Puerto Rico Wra Elec. Rev. 3%, due 1/1/75.....	30,000	52	15,600
Puerto Rico Aqueduct Swr. Auth. 3%, due 7/1/75.....	100,000	84	84,000
Puerto Rico Wtr. Res. Auth. 3-1/4%, due 1/1/73.....	50,000	94	47,000
Puerto Rico Wra Elec. 3-1/4%, due 1/1/76.....	140,000	85	119,000
Puerto Rico Wra Elec. Rev. 3-3/8%, due 7/1/89.....	50,000	61	30,500
Smyrna, Dela., 2-3/8%, due 9/1/72.	5,000	92	4,600
Smyrna, Dela., 2-3/8%, due 9/1/74.	5,000	83	4,150
Wilmington, Del., 2.20%, due 11/1/74.....	100,000	85	85,000
Wilmington, Del., 2-1/4%, due 6/30/72.....	25,000	94	23,500
Wilmington, Del., 2.60%, due 4/1/77.....	25,000	78	19,500
TOTAL.....			$1,872,830

SCHEDULE B

F. I. duPONT, GLORE FORGAN & CO.
FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY EDMOND duPONT INCLUDED IN THE ANSWER TO QUESTION 11(B)(1) - (Continued):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from - (Continued):			
Hugh Rodney Sharp III:			
Non-exempted securities:			
Intl Business Machines	195	288	$ 56,160
Olin Corp	150	20	3,000
Scott Paper Co	200	27	5,400
Sears Roebuck Co	130	67	8,710
Squibb Beech Nut, Inc	66	63	4,158
TOTAL			$ 77,428
Emile F. duPont:			
Non-exempted securities:			
Christiana Secur Co	3,200	105	$ 336,000
duPont de Nemours	1,386	119	164,934
TOTAL			$ 500,934
Alexis I. duPont:			
Exempted securities:			
Federal Home Loan Banks 7.70%, due 3/25/71	$ 75,000	100	$ 75,000
Federal Inter Credit Bank 8-1/4%, due 10/27/70	25,000	100	25,000
Total			100,000
Non-exempted securities:			
Christiana Secur Co	100	105	10,500
Citizens Utility A	800	23	18,400
duPont de Nemours	2,399	119	285,481
Fidelity Union Life	300	27	8,100
General Motors	500	73	36,500
Home Security Life Ins Co	500	14	7,000
Life Investors Inc	500	15	7,500
Monumental Corp	400	38	15,200
Petrie Stores Corp	600	30	18,000
Piedmont Management, Inc	600	12	7,200
Stand Oil Co. (New Jersey)	116	65	7,540
Tecumseh Products	100	143	14,300
Total			435,721
TOTAL			$ 535,721

SCHEDULE B

F. I. duPONT, GLORE FORGAN & CO.
FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY EDMOND duPONT INCLUDED IN THE ANSWER TO QUESTION 11 (B)(1) - (Continued):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from - (Continued):			
Reynolds duPont:			
Exempted securities:			
Alexis I. duPont, Del. SSD. 3%, due 2/1/84	$ 25,000	66	$ 16,500
Alfred I. duPont, SD Del. 2-3/4%, due 4/1/80	30,000	70	21,000
De La Warr Sch Dist. 47, Del. 4-1/4%, due 10/1/83	25,000	76	19,000
Delaware St. Hwy. 2.60%, due 3/1/71	50,000	98	49,000
Delaware St. Park Comm. 4-1/4%, due 12/1/78	3,000	82	2,460
Delaware St. Park Comm. 4-1/4%, due 12/1/79	3,000	80	2,400
Delaware St. Park Comm. 4-1/4%, due 12/1/80	8,000	78	6,240
Delaware University 3.15%, due 11/1/77	25,000	76	19,000
Del. River Bay Auth. 3-3/4%, due 1/1/2004	90,000	63	56,700
Delaware Turnpike Auth. 4-1/8%, due 1/1/2002	100,000	74	74,000
Del. St. Park Comm 4-1/4%, due 12/1/76	3,000	86	2,580
Del. St. Park Comm 4-1/4%, due 12/1/77	3,000	84	2,520
Dover Del. Electric Rev. 4.10%, due 6/1/84-70	20,000	73	14,600
Houston, Texas, 4.60%, due 12/1/91	25,000	78	19,500
Newark Spec. SD. Del. 3-1/2%, due 8/15/84	25,000	69	17,250
New Castle Co. Del. 1-3/4%, due 11/1/70	5,000	99	4,950
New Castle Co. Del. 1-3/4%, due 11/1/72	5,000	90	4,500
New Castle Co. Del. 1-3/4%, due 11/1/74	5,000	82	4,100
New Castle Co. Del 1-3/4%, due 11/1/76	5,000	73	3,650
Puerto Rico Comm 4%, due 7/1/77	10,000	86	8,600
FORWARD			$ 308,550

SCHEDULE B

F. I. duPONT, GLORE ORGAN & CO.
FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY EDMOND duPONT INCLUDED IN THE ANSWER TO QUESTION 11(B)(1) - (Continued):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from - (Continued):			
Reynolds duPont - (Continued):			
Exempted securities - (Forward)			$ 348,550
Wayne Co. Airport, Mich., 3-3/4%, due 12/1/96	$ 25,000	59	14,750
Wilmington, Del. Hsg. Auth. 2-3/4%, due 4/1/81	15,000	71	10,650
Wilmington Parking Auth. 4-1/4%, due 7/1/96-60	5,000	65	3,250
Total			377,200
Non-exempted securities:			
Uniroyal, Inc	$ 3,864	17	65,688
TOTAL			$ [illegible] 888
Mrs. Edith Smith:			
Exempted securities:			
Alexis I. duPont Dela SSD 3%, 2/1/81	$ 10,000	71	$ 7,100
California State 3.85%, 7/1/92	10,000	66	6,600
Connecticut State 3-1/4%, due 7/1/78	15,000	82	12,300
Delaware 3.40%, due 9/1/72	10,000	97	9,700
Delaware State Cons SDI 3-1/2%, due 3/1/76	10,000	89	8,900
Los Angeles Calif Dewaps 2.80%, due 3/1/73	10,000	93	9,300
Los Angeles Calif Dewap Elec 4-1/2%, 3/1/84	20,000	82	16,400
Norfolk Va. NHA 2-1/2%, 8/1/72	10,000	95	9,500
North Carolina State 2%, 4/1/75	10,000	83	8,300
Saint Louis Mo NHA 2-3/8%, due 8/1/85	20,000	59	11,800
Texas Veterans 2-1/4%, due 6/1/77	20,000	76	15,200
TOTAL			$ 115,100
William J. Kitchell:			
Non-exempted security:			
Christiana Secur Co	3,400	105	$ 357,000
Mrs. Donnan Sharp Plumb:			
Exempted security:			
Indiana Toll Road Comm Rev 3-1/2%, due 1/1/94-59	$ 15,000	66	$ 9,900
Non-exempted security:			
Standard Oil Co. (New Jersey)	208	65	13,520
TOTAL			$ 23,420

SCHEDULE B

F. I. duPONT, GLORE MORGAN & CO.
FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY EDMOND duPONT INCLUDED IN THE ANSWER TO QUESTION 11(B)(1) - (Continued):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from - (Continued):			
William M. Sharp:			
Exempted securities:			
Connecticut 5-3/4%, due 11/1/70...	$ 15,000	100	$ 15,000
Non-exempted securities:			
Standard Oil Co. (New Jersey).....	208	65	13,520
TOTAL.....			$ 28,520

NOTE: The preceding borrowings are payable upon six months notice.

BORROWINGS OF SECURITIES BY EDMOND duPONT INCLUDED IN THE ANSWER TO QUESTION 11(B)(2):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from:			
Mrs. Natalie duPont Edmonds:			
Non-exempted securities:			
duPont de Nemours.....	1,000	119	$ 119,000

NOTE: The above borrowings are payable upon six months notice.

SCHEDULE C

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY JAMES M. KING
INCLUDED IN THE ANSWER TO QUESTION 11(B)(1):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	MARKET VALUATION
Borrowings from:			
Claiborne Pell:			
Exempted securities:			
New York State Thruway Auth. 3.10%, due 7/1/94/60	$ 5,000	61	$ 3,050
Penn Oreille Co. Wash Pud 1 3.20%, 8/1/2005	10,000	47	4,700
Washington Sub Sani Dist 3%, due 4/1/73	10,000	93	9,300
TOTAL			$17,050

NOTE: The above borrowings are payable upon six months notice.

SCHEDULE D

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY A. RHETT duPONT, SR. INCLUDED IN THE ANSWER TO QUESTION 11(B)(2):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from:			
Estate of Alicia R. Mayberry:			
Exempted securities:			
US Tsy 2-1/2 12/15/67-72	$15,000	91	$ 13,650
Edmond duPont and Emile F. duPont Trustee:			
Non-exempted securities:			
duPont de Nemours	1,000	119	$119,000
General Motors	1,305	73	95,265
TOTAL			$214,265
Edmond duPont and Emile F. duPont, Trustees for Marianna duPont:			
Non-exempted securities:			
duPont de Nemours	4,000	119	$476,000
General Motors	3,000	73	219,000
TOTAL			$695,000
NOTE: The preceding borrowings are payable upon sixty days prior notice on December 31 of any year.			
Mrs. Elise duPont Elrick:			
Exempted securities:			
New York St Thru GTD 2-3/8%, due 1/1/90 CPN	$10,000	51	$ 5,100
Puerto Rico NHA 3-7/8%, due 6/1/92 Cpn	20,000	71	14,200
Total			19,300
Non-exempted securities:			
duPont de Nemours	839	119	99,841
General Motors	1,140	73	83,220
Southwestern Pub. Sev	1,800	11	19,800
Total			202,861
TOTAL			$222,161
Mrs. Natalie duPont Edmonds:			
Non-exempted security:			
duPont de Nemours	1,000	119	$119,000
NOTE: The preceding borrowing is payable upon six months notice.			

SCHEDULE D

F. I. duPONT, GLORE MORGAN & CO.
FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY A. RHETT duPONT, SR. INCLUDED IN THE ANSWER TO QUESTION 11(B)(2) - (Continued):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	APPROXIMATE MARKET VALUATION
Borrowings from:			
Thomas Murrell duPont:			
Non-exempted securities:			
Amer Cyanamid Co	280	30	$ 8,400
Campbell Soup Co	300	28	8,400
Cities Service Co	40	46	1,840
duPont de Nemours	343	119	40,817
General Electric Co	295	82	24,190
General Motors	466	73	34,018
Honeywell Inc	56	91	5,096
Intl Business Machines	110	288	31,680
Mobil Oil Corp	80	52	4,160
Pennwalt Corp	300	25	7,500
Union Carbide Corp	114	38	4,332
Westinghouse Electric Corp	100	64	6,400
TOTAL			$176,833
Marianna duPont Hanckel:			
Non-exempted securities:			
Atlas Chemical Industries	56	24	$ 1,344
duPont de Nemours	848	119	100,912
General Motors	1,088	73	79,424
Hercules, Inc	1,782	37	65,934
Standard Oil Co. (New Jersey)	417	65	27,105
TOTAL			$274,719

NOTE: The preceding borrowings are payable upon six months notice.

SCHEDULE E

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY MORRIS GOLDSTEIN INCLUDED IN THE ANSWER TO QUESTION 11(B)(2):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	VALUATION
Borrowings from:			
Mrs. Virginia R. Rice:			
Exempted securities:			
Adrian Mich Sch Site Bldg 2-3/4%, due 6/1/81	$ 5,000	67	$ 3,350
East Greenbush Nev York Sewer 3.10%, 7/1/1975	5,000	86	4,300
Faribault County Minn Isd 2-3/4%, 1/1/1978	5,000	76	3,800
Los Angeles Calif Dept El Pt Rev 2-1/2%, due 5/1/75	5,000	83	4,150
Massachusetts Gtd Hsg Auth 1-7/8%, 4/1/87	5,000	48	2,400
Mpls St Paul Airport Rev 2.80%, 1/1/86	10,000	62	6,200
Ossining Mt Pleas N Y Ufsd2 2.70%, due 11/1/83	5,000	62	3,100
Total			27,300
Non-exempted securities:			
American Tel and Tel	200	44	8,800
Ark Louisiana Gas	165	25	4,125
Consumers Power Co	198	33	6,534
Deere Co	337	34	11,458
May Dept Stores Co	200	22	4,400
Minesota Mining Mfg	300	88	26,400
Morgan (J.P.) & Co., Inc	144	66	9,504
Pacific Gas and Elec Co	240	29	6,960
Phillips Petroleum	200	29	5,800
Sterling Drug, Inc	600	37	22,200
Union Pacific Corp	125	42	5,250
Total			111,431
TOTAL			$138,731
Mrs. Rae A. Lillienstern:			
Exempted security:			
US Treasury 6-1/4%, due 2/15/76	$15,000	95	$14,250
Mrs. Florence J. Goldstein:			
Exempted security:			
U.S. Treasury 3-1/4%, 5/15/85	$ 3,000	67	$ 2,010

NOTE: The preceding borrowings are payable upon sixty days prior notice on December 31 of any year.

SCHEDULE F

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY DONALD L. GRAHAM
INCLUDED IN THE ANSWER TO QUESTION 11(B)(2):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	APPROXIMATE MARKET VALUATION
Borrowings from:			
Mrs. Elizabeth O'Donahoe:			
Non-exempted securities:			
Coca Cola Co.	67	75	$ 5,025
Neptune Meter Co.	200	13	2,600
Scudd Stevens Comstk.	611	8	4,888
TOTAL			$12,513
Mrs. Jean C. Emmons:			
Non-exempted security:			
National Lead Co.	2,000	20	$40,000

NOTE: The preceding borrowings are payable upon six months notice.

SCHEDULE G

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY CHARLES MORAN, JR. INCLUDED IN THE ANSWER TO 11(B)(2):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	APPROXIMATE MARKET VALUATION
Borrowings from:			
Estate of Horace B. Earle:			
Exempted security:			
US Treasury 4-1/4%, 5/15/85-75.....	$122,000	73	$ 89,060
Mrs. Josephine T. Moran:			
Exempted securities:			
Denver Colorado 3%, due 2/1/88-67....	1,000	60	$ 600
Kent Co Dela St Const Sch Dist 1 3-3/8%, 9/1/77.....	15,000	83	12,450
Los Angeles California Sewer 2-1/2%, due 2/1/72.....	20,000	96	19,200
Los Angeles Calif 2-1/2%, due 2/1/74.	15,000	88	13,200
Mt Pleasant Dela Spl Sch Dist 2-5/8%, 2/15/74.....	30,000	87	26,100
Mt Pleasant Dela Spl Sch Dist 2-5/8%, 2/15/75.....	20,000	83	16,600
Total.....			88,150
Non-exempted securities:			
Abitibi Paper Co., Ltd.....	200	7	1,400
Chase Manhattan Corp.....	450	47	21,150
Chemical New York Corp.....	50	59	2,950
General American Trans.....	300	37	11,100
Hercules, Inc.....	300	37	11,100
Pathe Industries, Inc.....	250	NV	
Phillips Petroleum.....	200	29	5,800
Sante Fe Industries, Inc.....	250	19	4,750
Standard Oil Co. (New Jersey).....	93	65	6,045
Union Pacific Corp.....	250	42	10,500
Total.....			74,795
TOTAL.....			$162,945

NOTE: The preceding borrowings are payable upon six months notice.

SCHEDULE H

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY ANDREW I. NAMM
INCLUDED IN THE ANSWER TO QUESTION 11(B)(2):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	APPROXIMATE MARKET VALUATION
Borrowings from:			
Mrs. Peggotty H. Doran:			
Non-exempted securities:			
American Tel and Tel	200	44	$ 8,800
Avco Corp $3.20 cm. cv. pfd	250	35	8,750
Bell and Howell	185	37	6,845
Bristol-Myers Co	200	59	11,800
Coca Cola Co	200	75	15,000
duPont de Nemours	65	119	7,735
Indian Head, Inc	100	22	2,200
Intl Nickel Co. of Canada	250	43	10,750
Intl Tel and Tel	80	43	3,440
Manhattan Industries, Inc	208	15	3,120
Munsingwear, Inc	300	18	5,400
Penn Central Co	200	7	1,400
Southern Pacific Co	300	30	9,000
Standard Oil Co. (New Jersey)	212	65	13,780
Stop and Shop Co	100	22	2,200
Transamerica Corp	200	15	3,000
TOTAL			$113,220

SCHEDULE I

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY HENRY STEFANY
INCLUDED IN THE ANSWER TO QUESTION 11(B)(2):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	APPROXIMATE MARKET VALUATION
Borrowings from:			
Mrs. Alice Girard Stefany:			
Non-exempted securities:			
American Can Co	100	41	$ 4,100
American Metal Climax	225	34	7,650
American Tel and Tel	200	44	8,800
American Tel and Tel Wts	12	8	96
Commonwealth Edison	320	32	10,240
Consumers Power Co	100	33	3,300
duPont $4.50 Pfd	50	64	3,200
Duquesne Light Co. 4% Pfd	100	26	2,600
General Electric Co	100	82	8,200
General Tel and Electronics	100	27	2,700
Mass Invest Tr. Sh. Bi	862	13	11,206
Owens Illinois, Inc. 4% Pfd	50	63	3,150
Peoples Gas Co	200	36	7,200
Phila. Electric Co	100	20	2,000
Standard Oil Co. (New Jersey)	208	65	13,520
Union Carbide Corp	100	38	3,800
American Tel and Tel 8-3/4%, 5/15/2003 X Wts. Reg	$600	103	618
TOTAL			$92,380

NOTE: The above borrowings are payable upon six months prior notice.

SCHEDULE J

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF SECURITIES BY FRED G. WACKER, JR.
INCLUDED IN THE ANSWER TO QUESTION 11(B)(2):

DESCRIPTION OF SECURITY	QUANTITY	APPROXIMATE MARKET PRICE	APPROXIMATE MARKET VALUATION
Borrowings from:			
Mrs. Grace Jennings Wacker, Trustee:			
Non-exempted securities:			
Abbott Laboratories	600	66	$ 39,600
Addr-Multigraph	200	34	6,800
Amer Sterilizer Co	100	20	2,000
F M C Corp	320	21	6,720
Intl Business Machines	222	288	63,936
Northern Trust Co	400	90	36,000
Pan Amer World Air	100	12	1,200
R C A Corp	343	26	8,918
Searle (G. D.) & Co	100	47	4,700
Texaco, Inc	420	31	13,020
Texas Utilities Co	100	53	5,300
Zenith Radio Corp	200	33	6,600
TOTAL			$194,794

NOTE: The above borrowings are payable upon six months notice.

SCHEDULE K

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF SEPTEMBER 27, 1970

BORROWINGS OF $20,000 OR MORE NOT INCLUDED IN THE ANSWERS TO QUESTION 11(B), 13(A) AND 13(B):

BORROWER	AMOUNT	VALUATION OF COLLATERAL
John W. Allyn	$250,000	$400,000
Harry W. Colmery, Jr	720,000	None
Kingman Douglass	400,000	None
Edmond duPont	524,460	None
Edmond duPont	547,792	None
Edmond duPont	120,700	None
Stanton W. Frederick, Sr	155,000	350,000
Basil B. Gallagher	21,800	None
Randolf Guggenheimer, Jr	70,000	None
Stanley A. Jacobson	28,500	None
Daniel D. Jackson	58,290	None
Frederick W. Leich	100,000	None
James H. Lynch, Jr	80,000	None
Edward A. Morgan, III	50,000	None
Edward E. Moritt (A)	130,000	
Edward E. Moritt (B)	150,000	
Donald Mutterperl (C)	175,492	
Donald Mutterperl (D)	19,000	
Donald Mutterperl (E)	16,000	
Donald Royce, Jr	160,000	None

(A) Subordinated borrowing from Dr. David Brezin
(B) " " " Mrs. Ruth Pollack

The purpose of these borrowings was to finance the purchase of his membership in the New York Stock Exchange.

(C) Subordinated borrowing from Martin Mutterperl
(D) " " " Nancy Mutterperl
(E) " " " F. I. duPont, Glore Forgan & Co.

The purpose of these borrowings was to finance the purchase of his membership in the American Stock Exchange.

Pl. Ex. 109, pp. 451a-458a
451a

J

DATE 12-7
SD Justice Reporting Service

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK, 10004

November 26, 1969

Francis I. du Pont & Co.,
One Wall Street,
New York, New York.

Dear Sirs:

We have examined the Answers to Financial Questionnaire (Part I), Supplementary Schedules (Part II), and Schedule of Information Required by the New York Stock Exchange for Computation of Net Capital Under Rule 325 (Part III), except for the answers to Item (a)(ii) and Item (b) of Part II and Item (I) of Part III, as to which we do not express any opinion, of Francis I. du Pont & Co. as of September 28, 1969 and have rendered our opinion dated November 26, 1969 thereon.

At your request we have prepared the accompanying memorandum computation of net capital and aggregate indebtedness as of September 28, 1969, which is based on the information contained in the aforementioned Parts I, II, and III, in accordance with our interpretation of the requirements of Rule 325 of the New York Stock Exchange.

Yours very truly,

PLAINTIFF'S
109

FRANCIS I. du PONT & CO.

MEMORANDUM OF NET CAPITAL PURSUANT TO THE REQUIREMENTS
OF RULE 325 of the NEW YORK STOCK EXCHANGE
AS OF SEPTEMBER 28, 1969

CAPITAL FUNDS AND SUBORDINATED LIABILITIES PER STATEMENT OF FINANCIAL CONDITION (Schedule 1)		$52,536,000
EXCESS OF MARKET VALUE OVER BOOK VALUE OF SHARES OF CHICAGO BOARD OF TRADE CLEARING CORPORATION STOCK		4,000
Total		52,540,000
CHARGES TO CAPITAL PURSUANT TO THE REQUIREMENTS OF RULE 325 OF THE NEW YORK STOCK EXCHANGE (Schedule 2)		42,217,000
Total		10,323,000
ADD: EXCESS CAPITAL IN SUBSIDIARIES		668,000
Net capital		10,991,000
AGGREGATE INDEBTEDNESS (Schedule 3)	$356,364,000	
MINIMUM CAPITAL REQUIRED (5% of aggregate indebtedness)		17,818,000
NET CAPITAL IN DEFICIT OF MINIMUM REQUIRED BY NEW YORK STOCK EXCHANGE PURSUANT TO RULE 325		$ 6,827,000
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL ($356,364,000 divided by $10,991,000)		3,242%

NOTES:

1. The above computation does not include any charges to capital for the valuation of unadjusted short security differences.
2. See letters attached for supplemental subsequent event information.

SCHEDULE 1

FRANCIS I [illegible]

CAPITAL FUNDS AND [illegible] LIABILITIES,
AS OF SEPT[illegible]

CAPITAL FUNDS:		
Capital accounts:		
Cash:		$43,879,000
General partners		10,035,000
Limited and special partners		
Market valuation of securities contributed as capital:		
	Limited and Special Partners	
Exempted securities	$ 3,899,000	
Non-exempted securities	8,450,000	
	12,349,000	14,490,000
		(573,000)
Unsecured demand notes		(11,060,000)
Undistributed profit and loss, including [illegible] in income and expense accounts		(2,239,000)
Demand note collateral deficiency		
Market value of memberships in [illegible] commodity exchanges owned by firm	3,258,000	
Less: Book value	(1,861,000)	1,397,000
Securities in firm trading and investment accounts carried by Respondent [illegible] proprietary accounts, joint accounts:		
Firm - Market value:		
Long market valuations	169,754,000	
Short market valuations	(50,145,000)	
	(126,268,000)	(6,659,000)
Less - Ledger debit balances		
Partly secured:	2,211,000	
Long market valuations	121,000	
Ledger credit balances		
Less:	(1,101,000)	
Short market valuations	(2,788,000)	(1,557,000)
Ledger debit balances		47,713,000
Total capital [illegible]		4,668,000
SUBORDINATED LIABILITIES:		155,000
Ledger balances		4,823,000
Long market valuations		
Total [illegible]		
TOTAL CAPITAL FUNDS AND SU[illegible] OF FINANCIAL CONDITION		$52,536,000

SCHEDULE 2

FRANCIS I. du PONT & CO.

CHARGES TO CAPITAL PURSUANT TO THE
REQUIREMENTS OF RULE 325 OF THE NEW YORK STOCK EXCHANGE
AS OF SEPTEMBER 28, 1969

DEBIT BALANCES IN CUSTOMERS' UNSECURED ACCOUNTS:		
Ledger balances	$3,319,000	
Security valuations	2,666,000	$ 5,985,000
DEBIT BALANCES IN ACCOUNTS FOR MEMBERSHIPS, FIXED ASSETS, PREPAID ITEMS, ETC.		
Exchange memberships (market value)		3,258,000
Furniture, fixtures, and leasehold improvements (depreciated value)		3,939,000
Dividends and interest receivable:		
Non-current:		
Ledger debit balances	3,511,000	
Short market valuations	3,965,000	7,476,000
Miscellaneous accounts receivable		1,326,000
Prepaid expenses and deferred charges		846,000
Free shipments to brokers and dealers		51,000
Suspense accounts - net		343,000
Subscription and exchange accounts		199,000
Accrued interest receivable - other		148,000
Commissions receivable:		
Future commodity accounts undermargined or in deficit	2,000	
From others	13,000	15,000
Investments in affiliates		2,281,000
Goodwill		66,000
Receivable from employees		38,000
Secured demand notes contributed as capital by partners - excess of face amount of notes or market value of collateral over allowable value of such collateral		10,348,000
7% OR OTHER PERTINENT PERCENTAGE OF THE MARKET VALUE OF ALL SECURITIES LONG IN PROPRIETARY ACCOUNTS		7,430,000
AMOUNT DETERMINED ON THE EXCESS OF THE MARKET VALUE OF SHORT POSITIONS IN SECURITIES OVER THE MARKET VALUE OF LONG POSITIONS IN PROPRIETARY ACCOUNTS		13,000
CHARGES IN CONNECTION WITH LEDGER BALANCES OF SECURITIES FAILED TO DELIVER OUTSTANDING 40 DAYS OR LONGER		1,201,000
CHARGES IN CONNECTION WITH CONTRACTUAL COMMITMENTS:		
Participations in joint accounts carried by others		84,000
When-issued contracts		168,000
Repurchase agreements		11,000
TOTAL OF CREDIT LINES GRANTED ON OPEN COMMODITY CONTRACTS "TRADE" ACCOUNTS		67,000
1-1/2% OF THE MARKET VALUATIONS OF THE TOTAL LONG OR TOTAL SHORT FUTURE CONTRACTS IN EACH COMMODITY, CARRIED FOR CUSTOMERS, WHICHEVER IS GREATER		987,000
CASH REQUIRED TO PROVIDE MARGIN IN ACCORDANCE WITH RULE 431 AFTER APPLICATION OF CURRENT OUTSTANDING CALLS FOR MARGIN OR OTHER DEPOSITS:		
Security accounts		1,086,000
Commodity accounts		20,000
FORWARD		24,396,000

(Continued) - 1

SCHEDULE 2

FRANCIS I. du PONT & CO.
CHARGES TO CAPITAL PURSUANT, ETC.
AS OF SEPTEMBER 28, 1969

FORWARD		$47,396,000
DEFICITS IN CUSTOMERS' COMMODITY ACCOUNTS AFTER APPLICATION OF CURRENT OUTSTANDING MARGIN CALLS, ETC.		1,000
Total		47,397,000
LESS:		
Reserve for doubtful accounts	$ 580,000	
Reserve for non-current dividends and security count differences	4,600,000	(5,180,000)
TOTAL		$42,217,000

NOTE: Dividends receivable does not include a charge for ledger balances and security valuations which are considered current and readily collectible.

(Concluded) - 2.

SCHEDULE 3

FRANCIS I. du PONT & CO.

AGGREGATE INDEBTEDNESS PURSUANT TO THE REQUIREMENTS
OF RULE 325 OF THE NEW YORK STOCK EXCHANGE
AS OF SEPTEMBER 28, 1969

AGGREGATE INDEBTEDNESS:		
Money borrowed - secured by customers' non-exempted securities		$167,389,000
Omnibus accounts carried by other banking or brokerage houses		59,000
Securities loaned (customers' securities)		42,346,000
Securities failed to receive (customers' securities)		35,756,000
Customers' security accounts:		
Cash accounts		20,758,000
Secured accounts		21,587,000
Credit balances with open contractual commitments		405,000
Free credit balances		45,810,000
Equities in customers' non-regulated commodity accounts:		
Accounts with open contracts		2,668,000
Free credit balances		1,177,000
Equities in brokers non-regulated accounts		8,000
Cash collateral for secured demand notes of partners:		
General partners	$675,000	
Limited and special partners	78,000	753,000
All other money liabilities:		
Subscription and exchange account		69,000
Unclaimed dividends and interest payable		3,616,000
Commissions payable		468,000
Federal dividend taxes withheld at source		12,000
Social security, withholding, and other payroll taxes payable		445,000
Accrued compensation		2,051,000
Accrued interest payable (bank loans)		1,256,000
Accrued state and city taxes payable		3,000
Miscellaneous accounts payable (including other accrued expenses)		4,785,000
Drafts with securities attached deposited for immediate credit		4,943,000
TOTAL AGGREGATE INDEBTEDNESS		$356,364,000

FRANCIS I. duPONT & CO.
MEMBERS NEW YORK STOCK EXCHANGE

ONE WALL STREET, NEW YORK, N.Y. 10005
TELEPHONE: (212) 514-2000

CAPITAL TO BE ADDED BY DECEMBER 10, 1969

We expect to add an additional $1,000,000 in cash to Partnership Capital by December 10, 1969, from the sale of leasehold improvements to Wall Street Leasing Corporation, a wholly owned subsidiary corporation.

Milton A. Speicher
Partner

December 5, 1969

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

December 5, 1969

Francis I. duPont & Co.,
One Wall Street.
New York, New York 10005.

Attention of Mr. Edmond duPont,
Partner.

Dear Sirs:

We have examined the Statement of Financial Condition of Francis I. du[illegible] and Co. as of September 28, 1969 and have rendered our opi[illegible] dated November 26, 1969 thereon.

The miscellaneous other assets shown in the aforementioned Statement of Condition amounting to $2,211,000 has been reduced by a valuation reserve in the amount of $4,600,000 which was provided by a charge against net worth.

At your request we have examined the records of cash and securities received subsequent to September 28, 1969 and observed that during such subsequent period additional cash and securities aggregating $6,868,000 were received of which $2,106,000 represented additional borrowings subordinated to all claims of general creditors and $4,762,000 represented additional contributions of capital by general partners.

Yours very truly,

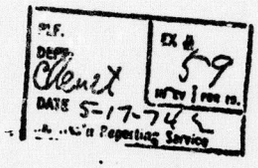
Haskins & Sells

Head Office (Q M 59

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

November 26, 1969



Francis I. duPont & Co.,
One Wall Street,
New York, New York 10005.

Dear Sirs:

We have examined the Answers to Financial Questionnaire of Francis I. duPont & Co. as of September 28, 1969, and have rendered our report of this date thereon. As a part of our examination we made a review of the Firm's accounting system, internal accounting control, and the procedures for safeguarding securities, and performed such tests thereof for the period since the date of our last examination as we considered necessary in the circumstances.

Although our examination would not necessarily have disclosed all material inadequacies in the accounting system, internal accounting control, and procedures for safeguarding securities during the period under review, it did disclose certain conditions which in our opinion constitute material inadequacies in these respects. These conditions, with an indication of any corrective action which we understand has been taken or proposed by the Firm, are commented on below.

This supplementary report is being furnished for filing with the New York Stock Exchange, and the Securities and Exchange Commission. The report is to be deemed confidential by the Commission pursuant to Rule 17a-5(b)(3).

PLAINTIFF

COMMENTS ON CONDITIONS

1. As indicated in the above-mentioned Answers to Financial Questionnaire, the security count differences shown in Question 13 are substantial. Since the stock record is balanced daily, this appears to be the result of a weakness in controls providing for accurate movement of securities with the corresponding entries for such movement.

   We have been informed that a program has been initiated for the formation of a "Count Difference Reconciliation Group". This group will be responsible for reconciling and controlling differences arising from internal security counts which will be performed to determine on a timely basis the errors in movements of securities. This program is to be implemented during 1970.

   In addition, the Respondent is in the process of instituting revising procedures for transferring stock into customer name. Such procedures will provide for an account executive review of open transfer instructions, which in the opinion of Respondent, will greatly reduce count differences originating in the transfer area.

2. Controls over the processing of adjusting and correcting journal entries appear inadequate in that they do not provide for the timely correction of errors.

   We have been advised that each department involved will receive daily listings of journal entries and will check such listings to ensure that the adjusting and correcting journal entries affecting that department have been properly recorded.

3. The Respondent prepares dividend proof sheets for each dividend paying security on the dividend record date. There appears to be a weakness in control over the follow-up of under and overpayments arising from securities

in fail-to-receive, fail-to-deliver, and transfer which are in doubt as to registered owner.

We understand that the following steps have been or will be taken by the Respondent in the dividend area:

a. Stock dividends declared on securities in fail-to-receive or fail-to-deliver on dividend record date are now being added to the outstanding fail detail records to clearly indicate the dividends relating to open items in "fail" accounts and facilitate the collection of the dividends simultaneous with the clearance of the fail.

b. The above-mentioned revised procedures relating to transferring stock into customer name will help identify registered owner of securities in transfer.

c. Certain changes have been made in the supervision of the dividend department to ensure adherence to present control procedures.

d. Additional employees are being added in the dividend department to provide for timely follow-up of problems.

4. The dividend subsidiary record had not been reconciled to the general ledger control balances, with the exception of amounts receivable from paying agents.

The Respondent is of the opinion that with the increase in personnel in the dividend department the dividend subsidiary record will now be reconciled to the general ledger control account on a timely basis.

5. The aforementioned Answers to Financial Questionnaire reflects substantial amounts of customers' fully paid securities not segregated in Question 6. This appears to be a result of a weakness in the controls providing for the timely issuance and release of segregation instructions.

The present procedures and programs automatically issue instructions to segregate on a periodic basis securities long in cash accounts for which payment has not been received. The Respondent has advised that the computer program which is currently being utilized for such automatic segregation is being reviewed with the objective of making the segregation of securities more accurate and timely.

Yours very truly,

Haskins & Sells

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

November 25, 1970

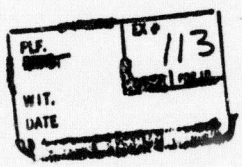
F. I. duPont, Glore Forgan & Co.,
One Wall Street,
New York, New York 10005.

Dear Sirs:

We have examined the Answers to Financial Questionnaire of F. I. duPont, Glore Forgan & Co. as of September 27, 1970, and have rendered our report of this date thereon. As a part of our examination we made a review of the Firm's accounting system, internal accounting control, and the procedures for safeguarding securities, and performed such tests thereof for the period since the date of our last examination as we considered necessary in the circumstances.

Although our examination would not necessarily have disclosed all material inadequacies in the accounting system, internal accounting control, and procedures for safeguarding securities during the period under review, it did disclose certain conditions which in our opinion constitute material inadequacies in these respects. These conditions, with an indication of any corrective action which we understand has been taken or proposed by the Firm, are commented on below.

This supplementary report is being furnished for filing with the New York Stock Exchange, and the Securities and Exchange Commission. The report is to be deemed confidential by the Commission pursuant to Rule 17a-5(b)(3).



1.) The aforementioned Answers to Financial Questionnaire reflects substantial amounts of security count differences in Question 13. Although most of these differences were discovered in 1970, many appear to have originated in 1969 as a result of inadequate controls over securities in transfer in 1969. Such 1969 items were represented by open transfer instructions in 1969 and were not identified as differences until 1970 when procedural changes were made in the transfer department, controls improved and old open units in transfer moved to difference accounts.

In 1970 there was inadequate follow-up and research of the above-mentioned differences and very small amounts resolved.

Subsequent to the 1969 audit there were only limited "house counts" to detect errors on a current basis. The stock record appears to have been balanced daily on a timely basis; however, controls to ensure the accurate movement of securities with the corresponding stock record entries did not appear adequate. Differences arising due to this inadequacy can be detected only through "house counts".

The Respondent has advised that:

a.) There is a team of approximately 75 people presently researching count differences and that this team will remain assigned until completion of the task. There is also a seven man team auditing and researching differences which are uncovered as a result of dividend takeoff counts. This includes almost all active securities.

b.) In compliance with NYSE Rule 440, counts have been scheduled for all stock positions during the week ending February 27, and all bond positions during the week ending March 6. During the week ending January 30, counts have been scheduled for approximately 5% of security positions in order to make sure that the planning for our full counts is adequate.

2.) The reconcilements of bank balances with the related book balances were not performed on a current basis and disclosed many reconciling items which had not been followed to a satisfactory conclusion. Such amounts remained unadjusted for extended periods of time.

The Respondent has advised that:

a.) The bank reconciliation section has been reorganized and the staff performing reconciliations increased from 16 to 21. Emphasis has been directed toward research efforts on reconciling items including a continual update of statistics on such items.

b.) An on-line computer system has been installed to prebalance branch cash entries. The successful implementation of this system will improve the reconciliation process.

c.) The procedures and system for processing "machine" reconciliation bank accounts are under study to provide more timely input to and service from the Banks participating. In addition, consideration is being given to staggering the use of major bank accounts and revising cut-off dates to improve the reconciliation process.

3.) Controls over the processing of stock record adjusting and correcting journal entries appears inadequate in that they do not provide for adequate controls to avoid duplication or accurate processing on a timely basis.

The Respondent has advised that:

Controls are being implemented over our correcting journal entries. This control will be exercised by an internal control group, together with those individuals responsible for the contra side of journal entries. The procedure requires approval for both sides of all journals, before processing, as well as procedures for resolving and quickly processing disputed entries. Completion of this procedure is scheduled for February 15th. A comprehensive program is being written to support such controls by computer information and analysis. This is scheduled for completion on March 15th.

4.) The aforementioned Answers to Financial Questionnaire reflects substantial amounts of customers unsecured, partly secured and undermargined accounts in Question 6. This appears to be largely the result of a weakness in the timely review of these accounts by the credit department, and the timely preparation and processing of adjusting and correcting journal entries.

The Respondent has advised that:

a.) On December 1, 1970 a new national credit manager was appointed with the responsibility of organizing the credit department in such a manner that the unsatisfactory conditions in this department be brought under control and steps taken to eliminate the causes. Certain additional changes in the line management of the credit department have been made which should also strengthen controls in this area.

b.) A management controls group has been established which has the direct responsibility of developing and analyzing management reports on a regular basis. This group also will have the responsibility of performing intra departmental compliance audits which will highlight any deficiencies in the credit department, branch offices or account executives.

c.) In order to alert management to accounts that fall into the unsecured classification, the data processing department is developing a weekly summary which will include all unsecured debit balances and valued unsecured short positions.

d.) A special group has also been established to research and document all existing unsecured items that predate the 1970 audit. The target date for the completion of this project is March 1, 1971. The correction entries are verified and processed immediately and collection procedures are initiated through a series of collection letters. Unsecured items which prove to be of a legal nature will be removed from our general customer account structure and set up in a special ledger for control purposes.

5.) The procedures and computer programs used in generating segregation instructions are deficient in that excessive segregation requirements are created. One of the more significant deficiencies appears to be the result of computer programs which provide for segregation instructions to be automatically issued for all securities in customer accounts for which no price appears on the computer price tape, regardless of whether or not such securities are "paid for". The computer price tape does not include a number of securities, particularly bonds; therefore,

5.) (Continued)

unnecessary segregation instructions are issued. The unnecessary segregation instructions which could not be executed by the cashiering department appeared to be a major cause of the large amounts shown in the answer to Question 6(g), "securities paid for but not segregated".

The Respondent has advised that the segregation system in use was initially developed in 1961 and, since that time, there were many changes affecting the system (internal and external) some of which were not adequately provided for in the system. On a Firm-wide basis the total value of securities segregated is sufficient, but in certain cases incorrect securities are segregated. Further, the requirements generated by the system are excessive. The segregation system has been reviewed with management advisory personnel of Haskins & Sells and certain systems tests were designed to determine what procedural changes were necessary to correct the deficiencies. The results of these tests indicate that with the implementation of certain basic changes, these problems can be solved.

a.) Prior to the time of the tests, certain marginable securities were not priced -- primarily bonds and certain over-the-counter securities. As a result certain of these securities which should have been made available for bank loan or brokers stock loan were in fact not made available. Complete pricing on a weekly basis will be implemented as of January 31.

b.) To supplement the daily segregation report, a new report will be generated effective February 1, which will summarize by security the total usable margin securities in margin accounts and the corresponding amounts of those securities in bank and broker loans. This report will provide a method to ascertain on a daily basis that only usable margin securities are used in bank and broker loans. This method will considerably reduce the necessity of substituting securities in bank loans.

Yours very truly,

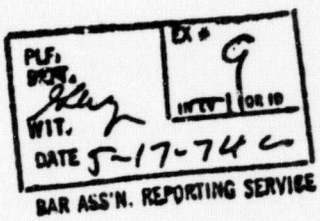
Haskins + Sells

Pl. Ex. 123, pp. 468a-470a
468a

2/2/70

NEW YORK STOCK EXCHANGE

DEPARTMENT OF MEMBER FIRMS



TO: The Advisory Committee

FROM: Department of Member Firms

SUBJECT: Francis I. Du Pont & Co. - Possible Violation of Exchange Rule 325 (Capital Requirements)

Problem

Did Francis I. Du Pont & Co. violate Exchange Rule 325 (Capital Requirements) on June 30, July 30 and September 28, 1969? Was there a continuing violation of this rule from June 30, 1969, until approximately December 24, 1969?

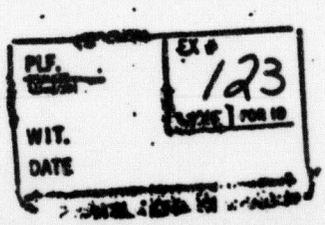
Background

Exchange Rule 325 (Capital Requirements) states that a member organization doing a general business with the public shall not permit its Aggregate Indebtedness to exceed 2000 per centum of its Net Capital during the ordinary course of business.

Francis I. Du Pont & Co. does business directly with the public and is therefore subject to the above mentioned rule.

Francis I. Du Pont & Co. has been a member organization since 1931.

On April 10, 1969, the firm was censured before the Board of Governors and fined $10,000 for violation of Exchange



Rule 440 and SEC Rule 17a-3. The violation consisted of failure to maintain current and accurate books and records over what appeared to be an inordinate length of time.

On January 20, 1970, the Advisory Committee determined that Francis I. Du Pont & Co. and certain of its present partners and a former partner did violate Article XIV Section 1, that the firm did violate Rule 401, and that certain of the firm's present partners and a former partner did violate Rule 342. On February 5, 1970, the Board determined that the firm should be fined $50,000 and censured and that the partners involved be fined a total of $60,000 (a $10,000 fine was remitted) and censured.

The firm has not previously been charged with violation of Rule 325 (Capital Requirements).

Violation and Cause

A visit to the firm by Exchange examiners commencing on July 16, 1969, and ending on September 17, 1969, disclosed that the firm's response to a Special Financial Questionnaire as of June 30, 1969, was in agreement with the books and records of the firm except for the following:

(1) Customers' unsecured accounts with debits of $2,545,839 and short securities values of $1,044,200 were not reported.

(2) Short market value of non-current dividends in the amount of $1,989,981 were not reported.

(3) Non-current cash dividends in the amount of $1,047,309 were not reported.

(4) A loss in the redemption of U.S. Treasury Bills was understated by the amount of $98,357.

The capital position of the firm as of June 30, 1969, as determined after giving effect to the above stated exceptions was as follows:

Aggregate Indebtedness	$441,739,866
Net Worth	62,043,360
Net Capital Required	22,086,993
Net Capital	19,230,297
Net Capital Deficiency	2,856,696
Ratio (2000% maximum allowed)	2298%
Proprietary Positions	189,497,000

During the course of the visit, the Exchange examiners also reviewed the firm's computation of its capital position as of July 31, 1969. After giving effect to certain adjustments, including unsecured customers' accounts and non-current dividends, the following capital position was determined:

Aggregate Indebtedness	$382,619,753
Net Capital Required	19,130,987
Net Capital	17,546,389
Net Capital Deficiency	1,584,598
Ratio	2181%

The audited answers to a Regular Financial Questionnaire as of September 28, 1969, were received by the Exchange on November 26, 1969. Analysis of these answers disclosed the following:

Aggregate Indebtedness	$355,763,919
Net Worth	58,133,283
Net Capital Required	17,788,195
Net Capital	467,328
Net Capital Deficiency	17,320,867
Ratio	76,128%
Proprietary Positions	189,140,000

These violations of Rule 325 (Capital Requirements) were not corrected until approximately December 24, 1969, when receipts of additional capital together with security positions liquidations resulted in the firm's arriving at a capital position that met the requirements of Rule 325.

The most recent computation submitted by the firm shows its capital position as of January 22, 1970, to be as follows:

Aggregate Indebtedness	$316,049,000
Net Worth	68,047,000
Net Capital	17,738,000
Ratio	1782%
Proprietary Positions	99,567,000

None of the capital positions shown above contain any charge or provision for unlocated short securities which at the audit date amounted to approximately $6,950,000.

The firm has submitted a plan that calls for its reaching a capital ratio below 1,000% in a four-to-six month period. This will be accomplished by a combination of additional capital and resolution of book differences, old fails, etc. that cause capital charges. The firm's progress under its plan is reviewed closely by the Exchange staff. In addition, the firm is required to file weekly unaudited [illegible] to the Exchange

Operations Questionnaires.

Question for Discussion

Did Francis I. Du Pont & Co. violate Exchange Rule 325 (Capital Requirements) specifically on June 30, July 30 and September 28, 1969, and continuing until approximately December 24, 1969?

Pl. Ex. 124, pp. 473a-476a
473a

PLF. DEFT. Clarett EX # 11
WIT. IN-EVI FOR ID
DATE 5-17-74
BAR ASS'N. REPORTING SERVICE

NEW YORK STOCK EXCHANGE

DEPARTMENT OF MEMBER FIRMS

February 13, 1969

TO: Advisory Committee

FROM: Department of Member Firms

SUBJECT: Francis I. duPont & Co. - Possible Violations of Exchange Rule 440 and SEC Rule 17a-3

Problem

Did Francis I. DuPont & Co. violate Exchange Rule 440 and Securities and Exchange Commission Rule 17a-3 by failing to maintain certain records on a current and accurate basis.

Background

Exchange Rule 440 requires member organizations transacting business directly with the public to make and preserve the records prescribed by Rules 17a-3 and 17a-4 of the Securities and Exchange Commission. SEC Rule 17a-3 provides that the records required thereunder be maintained on a current and accurate basis.

Francis I. DuPont & Co. does business directly with the public and is therefore subject to the above-mentioned rules.

Deficiencies in Records of Francis I. DuPont & Co.

Francis I. DuPont & Co. first filed answers to a Special Operations Questionnaire as of March 22, 1968. These answers indicated that the firm was not in control of certain parts of its records. Of particular concern were 2130 Suspense items and significant short stock record differences and short non-current dividend

EX # 124
WIT.
DATE

items. The Exchange immediately imposed restrictions on the firms operations and the firm, in addition, self-imposed further restrictions.

The firm filed answers to another Special Operations Questionnaire at the end of April and May 1968 and thereafter, in lieu of such answers, filed a semi-monthly "short form" report showing the current status of the three critical areas of operations previously referred to.

On September 24, 1968, the Exchange reimposed and increased the restrictions on the firm since it was apparent from review of the audited answers to a financial questionnaire as of June 30, 1968, current Fail Reports (MF-6) and the short form operations report that the firm was not making the desired improvement in the critical operations areas.

The restrictions imposed by the Exchange were rescinded January 9, 1969.

Attached hereto, as Exhibit A, is a summary of the suspense accounts, the stock record differences and the security count differences (developed by audit of June 30, 1968) as they were reported by the firm in answers to various operations questionnaires.

Also attached hereto, as Exhibit B, is a schedule showing the differences that existed, at times, between the total of details in various accounts and balances in the related control accounts.

Question

Did Francis I. duPont & Co. violate Exchange Rule 440 and SEC Rule 17a-3 in failing to maintain current and accurate records?

FRANCIS I DuPONT - Co

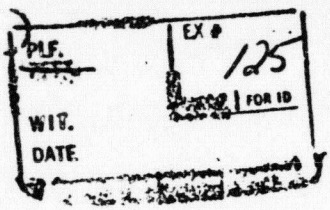
EXHIBIT A

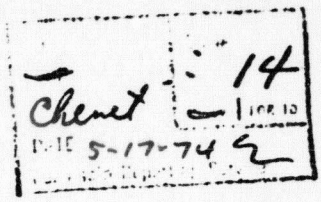
		Number of Items	Ledger Balance	Security Long	Security Short
DISTENSE ACCOUNTS:					
1963					
MARCH	22	2130	4096994	6784695	8958424
APRIL	30	2200	2088518	1675856	971275
MAY	31	1800	1823911	738484	92721
JUNE	30	1600	900350	1184754	130187
JULY	31	2000	1154154	1945510	182390
AUG	31	1700	846336	783744	114810
SEPT	30	1454	888080	773991	202729
NOV	30	1730	898174	644000	405000
DEC	31	1545	246000	596000	41500
DIFFERENCE ACCOUNTS		(SECURITY COUNTS)			
AUG	31	4600	—	2987067	1383176
SEPT	30	3614	—	1691338	3499494
OCT	31	2942	—	797877	1744503
NOV	30	2073	—	431149	154286
DEC	31	1382	—	393373	—
STOCK RECORD DIFFERENCES					
MAR	22	4500		12108244	4984758
APR	30	3950		4806122	2925264
MAY	31	2670		1270548	1333541
JUNE	30	1791		1810657	1764218
JULY	31	2230		2806037	1838012
AUG	31	1230		1695115	952999
SEPT	30	794		645401	579377
OCT	31	483		591011	437469
NOV	30	139		394105	135299

FRANCIS I. DuPONT & CO.

EXHIBIT B

	1968	TOTAL OF DETAILS	BALANCE IN CONTROL ACCOUNT	DIFFERENCE
FAIL TO RECEIVE				
MAR	22	60,108,804	59,609,351	1,001,453
APR	30	59,145,679	58,471,581	674,098
SEPT	30	76,308,268	76,308,597	329
OCT	31	85,634,080	85,622,367	12,287
NOV	30	86,963,104	86,969,834	1,030
DEC	31			-0-
FAIL TO DELIVER				
MAR	22	49,663,970	49,095,224	568,696
APR	30	59,559,551	59,089,319	470,232
SEPT	30	69,917,917	69,917,593	676
OCT	31	62,212,780	62,135,698	76,782
NOV	30	66,367,844	66,381,131	16,287
DEC	31			-0-
STOCKS LOANED				
MARCH	22	46,117,968	46,076,868	41,100





FRANCIS I. duPONT & CO.
MEMBERS NEW YORK STOCK EXCHANGE

ONE WALL STREET, NEW YORK, N.Y. 10005
TELEPHONE. (212) 344-2000

February 28, 1969

Mr. Robert M. Bishop, Vice President
Department of Member Firms
New York Stock Exchange
11 Wall Street
New York, New York 10005

Dear Mr. Bishop:

We appreciate the opportunity to respond to your letter of February 14, 1969 and to comment on the factual accuracy of the memorandum which will be presented to the Advisory Committee of the Board of Governors for its consideration.

Since the information contained in the Exhibit attached to the memorandum to be submitted to the Advisory Committee is based upon information submitted by us on questionnaires as well as our 1968 annual audit we concur in its accuracy. This record is by no means comparable to the standard of operations procedures that our firm has always endeavored to maintain. Also, we respectfully submit that the series of operational problems, the first of any major consequence in our thirty-six year history as a member firm, resulted from a series of circumstances for some of which we were responsible. However, major contributing factors were directly associated with and a part of the broad problems that confronted the entire industry, especially those firms rendering service to the non-institutional investor.

So that the Advisory Committee will realize that our firm was not sitting idly by and doing nothing to cope with problem areas that developed because of the constantly high volume of business, we feel that our previous correspondence with your office under dates of April 25, 1968 and September 30, 1968, copies of which are attached, should be made available to the Committee for its perusal. It should be noted that the exhibits referred to in the September 30th letter are not included but are available in your files should any member of the Advisory Committee desire to examine them.

The following are brief comments on the present status of several phases of our operation that are also referred to in our letters to the Exchange as mentioned above:

Number of Registered Representatives - 1,662.

Operations Personnel - 3,037.

Operations Employee Training Program - Our firm has continued to develop and expand its training program for developing qualified operations personnel and classes are being conducted in all phases of the operations of our firm. Our staff of instructors, in addition to several long time employees with substantial technical knowledge, includes our Sales Training Director and his staff. The training of new employees with no previous knowledge of operations has been most successful. Well trained clerks are now able to perform in a most satisfactory manner thereby making an important contribution in the handling of the paper work resulting from the heavy volume of transactions. In short, the thrust of our training effort has been redirected toward operations personnel.

Registered Representatives - Notwithstanding the fact that our firm was relieved of restrictions we have continued a self-imposed limitation on the acceptance of applicants for our Formal Sales Training Program. We have set a limit in the total number to be trained in the current year not to exceed our normal estimated replacement requirements due to resignations, terminations, retirements and deaths of approximately 200. We have restricted acceptance of applicants who would be trained on a local basis in our various branch offices. Likewise we are being exceptionally selective in considering the employment of any currently approved Registered Representative of other firms who may approach us to seek a connection.

Branch offices - We are continuing our self-imposed policy of not actively planning on the opening of new branch offices. The only exception to this policy would be the development of an especially attractive opportunity to acquire an office in a major city. At this writing, however, no such situations are under consideration or contemplated.

Advertising - Notwithstanding the fact that our firm is considered to be one of the oldest financial advertisers we are taking a very conservative approach in our planning for the

coming months to maintain our advertising program on an institutional type basis. So far this year we have had only one advertisement. It offered to the investing public a copy of the first 1969 edition of our publication "Investment Values For Today".

Volume of Business - Our firm has maintained a reasonably steady volume of business subject only to substantial upward fluctuation when the volume reached peak levels. Since the handling, settlement and clearing of listed business has at no time been a source of difficulty to us we have endeavored to encourage our Registered Representatives to recommend such securities for their clients' consideration. DKs and fails in conjunction with listed securities have been a very insignificant source of problems.

Unlisted Securities - Approximately 90% of our total fails - deliver and receive - represent transactions that were effected for customers in unlisted securities. We have taken very direct steps to reduce the volume of transactions in unlisted securities and have substantially reduced the number of securities in which we had been making markets. In retrospect, we realize that we did not make such moves early enough and perhaps if we had placed restrictions on the types and size of orders we would accept for customers a number of months earlier we may have alleviated a major portion of our fail problems which in turn would have substantially reduced the amount of our paper work.

Fails - Fails to deliver as of February 24, 1969 totalled $49,500,000. Fails to receive as of the same date totalled $82,700,000 making a ratio of 1.6 to 1. of fails to receive over fails to deliver. We have a sizable department controlling our entire fail operation and we are proceeding pursuant to the regulations to aggressively reduce them and maintain them at a minimum level for a firm of our size.

The following are brief comments on the items listed on Exhibit A attached to Advisory Committee report:

Suspense Accounts - The large number of items that appeared in the suspense account during 1968 was the result of (1) erroneous and duplicate deliveries made to us by other member firms, and (2) DKs of deliveries made by us to brokers, dealers and banks (for settlement of fails and deliveries for accounts of customers) which were returned too late to

be re-entered in our fail to deliver account or the account of the customer. This placed a substantial burden upon the existing staff which was endeavoring to handle current business as well as to research and correct what had been booked into the suspense account pending investigation and final clearance.

Difference Accounts - Due to the loss of certain key personnel by death or retirement it became necessary for us to temporarily reduce the number of cycle security counts regularly provided for in our procedures. As a result when we had the complete security count in conjunction with our June 30, 1968 audit a substantial number of differences was revealed. All such differences have been rectified. We have reinstated our regular schedule of cycle counts.

Stock Record Differences - All differences revealed by the 1968 annual audit have been researched and rectified.

Senior management of our firm has been deeply involved in the problems of our Operations Department and has taken an active participation in directing and supervising critical areas. This has not been so-called "absentee" involvement but instead Partners of the firm have been participating in the operations areas not only on a daily basis but on innumerable Saturdays, Sundays and holidays as well. Our firm has constantly planned ahead and while the record of 1968 is a source of embarrassment to us we feel certain that all that has been accomplished to date cannot help but place us in a position to be able to cope with future business without any major problem areas.

To further indicate the stress that our firm has placed upon operational efficiency our annual Conference of Branch Managers which will be held in New York from May 1st to 3rd inclusive will deal exclusively with current operational problems, what the firm is doing about them, how the Managers can assist at the branch level through elimination of errors at the point of origin of orders, all aimed at improving service rendered to the investing public. In addition, there will be an in depth presentation and discussion of our eventual complete transition to a Third Generation Computer Program, the first portion of which is scheduled to become effective on June 2, 1969. It should be of interest to realize that notwithstanding the fact that Branch Managers are highly sales motivated there will be no portion of the Conference agenda allocated to any business development or sales techniques. Representatives of several of the regulatory agencies have accepted our

invitation to attend certain portions of the Conference. They have indicated a keen interest in the agenda for our Conference and have agreed to express their points of view on the subject that is as important to their organizations as it is to ours, namely efficient operations now and planning ahead for the future.

It is our hope that we will be in a position to continue to offer our guidance to the investing public in fulfillment of the Exchange's hallmark of "Own Your Share of American Business" by being able to equitably serve large and small investors without having to consider the question of the desirability of one type of account from an economic point of view and its effect on the capacity of our Operations Department.

In conclusion we maintain that we were at all times during 1968 aware of the problem areas in our Operations Department. At no time did we permit any of the areas to reach a position where they could have been considered as being completely out of our control and thus endanger our customers. We instituted new procedures, expended substantial sums on new equipment, and recruited highly qualified personnel to alleviate our problem areas. We are confident that our present system of management controls will insure maintenance of our records on an accurate and current basis in full compliance with existing Rules and Regulations.

Respectfully submitted,

Charles Moran, Jr.
Managing Partner

CM,Jr./ar

PLF. Benet EX. 16
DATE 5-17-74

3/13/69

Also please have
an Assn reporter go
to D. Ct & check their
complaint handling procedures
& backlog. SEC is bringing
pub. proceedings against
firms for poor handling
of complaints. The NY SEC
office should be able to provide
info. Would like to
consider appropriate sanctions
if complaint handling is inadequate.
B.

PLF. EX. 126
WIT.
DATE

Pl. Ex. 128
483a

NEW YORK STOCK EXCHANGE

11 WALL STREET
NEW YORK, N. Y. 10005

S-2

PLF. EX # 23
DEFT. Chenet
DATE 5-17-74
ba Ass'n Reporting Service

April 10, 1969

Mr. Irving M. Pollack, Director
Division of Trading and Markets
Securities and Exchange Commission
500 North Capitol Street, N.W.
Washington, D. C. 20549

Dear Mr. Pollack:

This is to advise you of disciplinary action recently taken by the Advisory Committee of the Board of Governors against Francis I. du Pont & Co.

On the basis of information reflected in answers to Special Operations Questionnaires submitted by Francis I. du Pont & Co. it was apparent that serious differences and out of balance conditions developed in the firm's record keeping, particularly in regard to numerous suspense items and significant stock record differences and noncurrent dividend items and that some of these conditions persisted for what seemed to be an inordinate length of time.

On the basis of the foregoing, the Committee determined that the firm had violated Exchange Rule 440 and SEC Rule 17(a)-3 in failing to maintain current and accurate records. It was the Committee's decision that the firm be censured by the Chairman before the Board of Governors and fined $10,000. This decision was implemented at the Board meeting on April 10, 1969.

The foregoing information is being furnished to you on a confidential basis.

PLF. EX # 128 FOR ID
WIT.
DATE

Very truly yours,

/s/ ROBERT M. BISHOP

Robert M. Bishop
Vice President

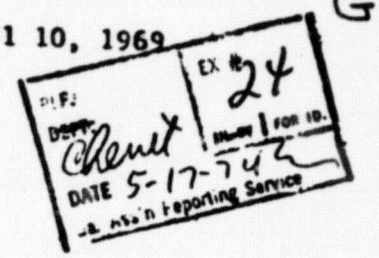
TFCarey/cw

COPY

Pl. Ex. 129 (484a)

CLOSURE OF FRANCIS I. du PONT & CO.

April 10, 1969



Represented by:

Charles Moran, Jr.
Albert J. Coffey

Gentlemen:

The Advisory Committee has considered carefully the charges brought against you for failing to maintain current and accurate books and records. Consideration has also been given to your answers to these charges.

The Committee has noted that, when serious differences and out of balance conditions developed in your record keeping, particularly in regard to numerous suspense items and significant stock record differences and noncurrent dividend items, some of these conditions persisted for what appears to be an inordinate length of time.

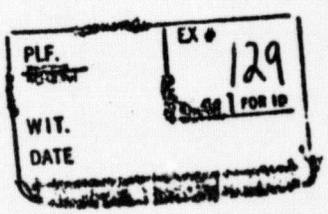
The Rules of the Exchange, as well as those of the Securities and Exchange Commission relative to the maintenance of current and accurate books and records are designed to set forth the minimum standards expected of members in this area. Failure to abide by these rules may very well work to the detriment of the investing public and cannot be condoned.

The Advisory Committee has found you guilty of violation of Exchange Rule 440 and SEC Rule 17(a)-3. It has been determined that you be censured before the Board of Governors and that your firm be fined in the amount of $10,000.

I, as Chairman, do so censure your firm.

The Board is aware that private proceedings have been instituted against your firm by the Securities and Exchange Commission. The SEC will be notified of this finding and penalty.

That is all.



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Pl. Ex. 130, pp. 485a-491a
485a

P.F. DEC. Chenex EX # 27 identified for ID. DATE 5-17-74 by Ass'n Reporting Service

FRANCIS I. DU PONT & CO.

5/15/69

MAIN OFFICE: NEW YORK, NEW YORK

In reviewing of F. I. du Pont & Co.'s systems and procedures for resolving inquiries, requests and complaints, the following administrative personnel were interviewed: Messrs. Edwin D. Peterson, Executive Vice President; Llewellyn P. Young, Partner-in-charge of Legal and Compliance; Albert J. Coffey, Partner-in-charge of Operations; William D. Humphreys, Special Partner, Institutional Control and William G. Carter and Duncan Jonsby, Assistant Directors of Operations.

F. I. duPont & Co. relies on its Legal and Compliance Department to resolve serious or potentially serious problems originating with customers and its Central Error Control Department, an operations unit, to resolve the bulk of inquiries, requests and complaints originating at the branch level.

A. LEGAL AND COMPLIANCE DEPARTMENT

The department is directed by Llewellyn P. Young. She is assisted by Allison J. Manchman, a Partner. Messrs. Richard Filero and Fred Snare, manage the legal and compliance units respectively. There are approximately 25 supporting employees.

The department responds to letters of complaint from irate customers which are directed to the firm in general or to its individual partners, to letters from agents of customers with grievances, and to inquiries from regulatory agencies.

Reportedly, routine complaints are acknowledged and forwarded to Central Error Control for research and resolution. Generally, these customer letters are given a priority and a follow-up system attempts to assure prompt action. (See Exhibit 1)

EX # 130 identified for ID

However, letters from regulatory agencies and customer letters with overtones of regulatory violations, money losses, law suits or threatened law suits are carefully reviewed, evaluated, researched and resolved, in most instances, entirely by this department. Reportedly, record keeping as to the actual number of complaints handled by Legal and Compliance began in April, 1969. The records indicate that, during this period, approximately 450 letters of complaint were received.

B. CENTRAL ERROR CONTROL DEPARTMENT

The department is managed by Mrs. James Stewart and is staffed by 40 supporting personnel. The department is under the supervision of Mr. William Carter, Assistant Director of Operations, who reports to Mr. Albert Coffey, Partner-in-charge of Operations.

Central Error Control, or CEC, as it is most commonly known, is really a misnomer. Central Error Control's primary purpose is to serve as a central agency to control the processing of inquiries, requests and complaints received in from the branch office system. It should be noted that all items received by CEC from the branch system are considered inquiries or requests until research confirms a bona fide complaint exists.

In November, 1967, E. I. duPont & Co. instituted a control form FID-23 to facilitate the handling of items from the branch system. (See Exhibit 2). Interoffice memorandum dated 11/29/67 and Form FID-23)* The proper handling of this form and correct application of the resolution determines the effectiveness of CEC's operations: i.e., incorrect information placed by representatives on the FID-23 form, failure of CEC personnel to interpret problems correctly, resolutions not correctly entered into the computer system, etc., creates havoc.

The procedure in submitting the five part FID-23 form is as follows: (See Exhibit 3)

1. Representatives in the branch system are required to have all information typed on the FID-23 form and to attach, when available, supporting documents pertinent to the problem.

2/ The branch manager or operations manager must review and approve the completed FID-23 form for clarity and accuracy prior to its being submitted to CEC.

*This form was subsequently revised (See Exhibit 3- Interoffice Memorandum dated 9/16/68 and revised Form FID-23)

3. The branch office sends four copies to CEC and retains the blue copy in the branch file.

4. Upon receipt at CEC, a reader reviews the FID-23 form for completeness (unintelligent or incomplete forms are returned), enters the date of receipt and assigns a control number to the form.

5. A pink copy, with an assigned control number is returned to the branch office as acknowledgement of receipt of the form by CEC.

6. A second pink copy is sent to the margin department so that the margin clerk handling the account will be aware of any problems which need correcting.

7. A yellow copy is sent to the firm's data processing unit where an IBM card is prepared indicating account number, CEC control number, date of entry, type of problem and date received. This yellow copy is kept in a suspense file.

8. The white copy, with attached statements - if any, is taken by a research clerk to the operating department where the correction is to be made. It is received in, the problem is processed and the resulting resolution is approved by the operations head. The resolution is written up by the operations correction section on an FID-23 and returned to CEC.

   A CEC research clerk reviews the operations departments control work sheet to verify that the departments resolution is identical with that on the FID-23. The operations department submits corrections to the data processing unit.

9. After the corrections have been fed to a computer, the IBM card is closed out. The yellow form is pulled from the data processing suspense file. The resolution is entered on this sheet and returned to the branch office.

10. The white copy becomes CEC's permanent file copy.

Toward the end of 1963, F. I. duPont's data processing unit began providing CEC with various control runs. The basic information is derived from the yellow copy of the FID-20. (See Exhibit 5) These runs include: (See Exhibit 5)

1. A daily composite listing problems by type and date of entry.
2. A weekly run listing problems by date of entry.
3. A weekly run listing problems by date of receipt and account.
4. A weekly run listing pending problems by office and account.

In addition:

1. CEC is provided a Daily Control Error Control Work Flow Analysis, which indicates by type of problem, the backlog, problems received, items resolved and the outstanding problems. (See Exhibit 6) In addition, those customer letters being handled by CEC are typed as inquiries, requests or complaints. (See Exhibit 7)

2. CEC can obtain also an "aging" of outstanding problems at any time by requesting an "analysis of open items by date of entry and date of receipt." (See Exhibit 8) These figures can be made more informative by analyzing the type of problem by date of entry and date of receipt. (See Exhibit 9)

Prior to the introduction of the computer runs in late 1963 the only control record kept was a physical count of unresolved items. Unfortunately, it appears that between January and September, 1963, supervision, control and the effectiveness of Control Error Control operations broke down. This period of time was accompanied by heavy market volume, back office jam ups, breakdowns in communications, lack of qualified personnel, etc. In addition, interference by partners, office managers and operational heads who became personally involved in the resolving of problems without first clearing with CEC created complications. In fact, during this period of time, CEC was attempting to resolve most of the problems by itself.

This impractical venture considering the lack of experienced personnel, failure to interpret problems correctly, neglecting to feed information into computers, etc., further magnified problems.

In September 1963, CEC's efforts to resolve problems by itself came to an end and the system reverted back to its standard operating procedure. Reportedly, the feeling is that many of the firm's recurring problems result from the ineffective operations during this period.

In early December, 1963, representatives of the Securities and Exchange Commission making a routine visit to F. I. duPont & Co. were informed that approximately 3000 items had not been resolved. Reportedly, management felt that this number was unrealistic and CEC was requested to conduct a recount of its unresolved open items. To the firm's embarrassment, the revised figure totaled 10,200 outstanding items. A letter was sent to the SEC informing them of the corrected figure.

Apparently, the SEC then challenged F. I. duPont to explain why 20% of the firm's customer statements were inaccurate. The SEC arrived at this figure by taking the total number of 45,000 input items (240-250's) received in by CEC (actually representing a 14 month period) and dividing it by 225,000 statements about one months activity, which they incorrectly assumed represented the firm's total statements for a year. Thus the SEC arrived at an incorrect figure of 20%. Reportedly, Messrs. Peterson and Young reviewed this incorrect analysis with the SEC and the matter was thendropped.

Reportedly, at this time management became alarmed because of the huge backlog of outstanding open items and the apparent loss of control in this area and instituted a crash program to reduce and control the number of outstanding unresolved problems. At great expense, time and effort and with additional help recruited throughout the organization, the firm began to reduce the number of outstanding items. However, it now appears that in mid-April, 1964, the number of outstanding problems began to rise. Deliveries of securities appeared to be the major problem. (See Exhibit 13)

ANALYSIS OF OUTSTANDING PROBLEMS (See Exhibit 10)

Date	Outstanding Problems
November 1963	10,200 (Reported)
December 13, 1963	8,435 (See Exhibit 4)
January 17, 1964	4,013 (See Exhibit 4)
February 7, 1964	7,600 (Reported)
February 16, 1964	6,036
February 20, 1964	5,344
February 28, 1964	5,424
March 13, 1964	3,849
March 28, 1964	1,039
April 15, 1964	1,924
April 30, 1964	2,325
May 15, 1964	3,700

A review of the New York Stock Exchange's Division of Inquiries and Complaints monthly list of firms showing the largest number of customer complaints directed to the Exchange indicates F. I. duPont & Co. [illegible] the top of the list. The firm's position in relation to firm's of comparable size has [illegible] the past two months. It now occupies the first or second position. The Exchange's Division of Inquiries and Complaints reports that, as of 5/15/64, 113 outstanding complaints forwarded to the firm's Legal and Compliance department have not been resolved. (See Exhibit 11) Again, it appears the major problem is the firm's inability to deliver stock to customers on time.

Since the first of the year, the firm appears to have made significant progress in strengthening its systems and procedures for resolving inquiries, requests and complaints. The Central Error Control Department which resolves most of the firm's problems originating at the branch level, and Legal and Compliance, which resolves serious letters of complaint from customers and inquiries from regulatory agencies, appears to have up-graded its supervisory and control effectiveness.

However, the firm must solve some of its operational problems before any noticeable reduction in total number of problems received can reasonably be expected. Statistics seem to confirm that the number of inquiries, requests and complaints will continue to be high because of the firm's

operational inability especially to deliver out securities. A number of neglected or poorly handled items previously reported keep recurring. Also a number of old problems, not previously reported, keep emerging, seeking resolution.

Perhaps, the most recent significant action taken by the firm to up-grade its operational activities was to appoint Mr. Samuel Gay as an Associate Managing Partner (operations) reporting to Mr. Charles Horn the firm's Managing partner. Reportedly a complete study of the firms operation activity is underway.

Possibly, the Exchange may wish to send an examinery into the firms back office to specifically review the firms inability to deliver out securities on time. This area seems to be the "crux" of the problem.

JOHN M. KING

Pl. Ex. 134, pp. 492a-492-1a

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NEW YORK STOCK EXCHANGE

MEMORANDUM

September 18, 1969

TO: Mr. L. W. McChesney

FROM: A. R. McElroy, D. Steinberg, A. J. Berk, J. P. Parker & R. W. Lee

SUBJECT: Examiners' Short Report

PLF. Clerk EX # 44 IDEN FOR ID. DATE 5-17-76 Reporting Service

A. Member Organization: Francis I. du Pont & Co.

B. Dates of Visit: Begin July 16, 1969 End Sept. 17, 1969

C. Capital position at questionnaire date, S/F June 30, 1969 (adjusted):

Aggregate Indebtedness	$441,739,366
Net Capital	19,230,297
Ratio	2298%

D. Type of Records: In-house computer operation (IBM 360)

F & G. Problem areas, causes and action taken:

The capital position stated in "C" above results primarily through a reduction of the net capital position as determined from analysis of the answers by amounts of unsecured customers' accounts and non-current dividends not reported in the answers.

Applying these same charges to the firm's July 31, 1969 capital computation, the adjusted Net Capital is as follows:

Aggregate Indebtedness	$382,619,753
Net Capital	17,546,389
Ratio	2181%

No effect has been given in the above computations to unlocated short security differences. While no good figures are available, these differences are known to be material.

New capital has been received during July, August and September. We were advised by the firm, that several million dollars in new capital has come into the firm

PLF. WIT. EX # 134 IDEN FOR ID.

since July 31, 1969 but the exact details were not available to us as yet.

The August 31, 1969 capital computation is not yet available as the books will not be finally closed until September 22, 1969. We will be promptly advised when this information is available.

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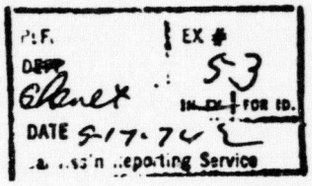
NEW YORK STOCK EXCHANGE



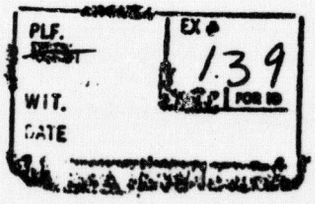
CONFIDENTIAL MEMORANDUM

November 26, 1969

TO: Board of Governors

FROM: Department of Member Firms

SUBJECT: Charges Against Francis I. du Pont & Co. and certain of its present and former partners, i.e., Edmund du Pont, Charles B. Moran, Jr., Wallace C. La Tour, Edwin B. Peterson, Llewellyn P. Young, Albert J. Coffey, Samuel A Gay, for violations of New York Stock Exchange Constitution, Article 14, Section 10, and Rules 342 and 401 during the period September 1, 1968, through October 31, 1969.



CHARGES

1. Francis I. du Pont and Co. and certain of its partners, i.e., Edmund du Pont, Charles B. Moran, Wallace C. La Tour, Edwin B. Peterson, Llewellyn P. Young, Albert J. Coffey, Samuel A. Gay, by failing to handle properly their customer's complaints during the period September 1, 1968 through October 31, 1969, caused, in significant part, certain actions to be taken which were adverse to the interests of the Exchange and thereby violated the Constitution: Article XIV, Section 10.

2. Francis I. du Pont and Co. by failing to respond in a timely fashion to customers complaints during the period September 1, 1968 through October 31, 1969, acted in contradiction to the principles of good practices in the conduct of its business affairs and thereby violated Rule 401.

3. Certain partners of Francis I. du Pont and Co., i.e., Edmund du Pont, Charles B. Moran, Jr., Wallace C. La Tour Edwin B. Peterson, Llewellyn P. Young, Albert J. Coffey, Samuel A. Gay failed to establish the necessary procedures and exercise the necessary management and supervision to resolve and respond to customers complaints during the period September 1, 1968, through October 31, 1969, and thereby violated Rule 342.

I The Firm

Francis I. du Pont has been a member organization since 1931. The firm conducts its business from its main offices in New York City with 113 branch offices in the United States and foreign countries. The firm employs approximately 1,600 sales representatives and 3,400 persons in operational, administrative, and executive positions. On the basis of New York Stock Exchange commissions received in 1968, du Pont is the third largest member firm of the Exchange.

On March 25,1969, the Board of Governors censured and fined the firm $10,000 for violation of Exchange Rule 440 and SEC Rule 17 (a) (3) relative to the standards for the maintenance of books and records of the firm.

II Background

From April 1968 to May 1969 the securities industry experienced the largest volume of sales in its history.

With the extraordinary volume, an increasing number of customers of member firms began to complain about a lack of what they considered to be acceptable service. Complaints centered on the services of record keeping in accounts, statements, and, especially, the transfer and delivery of stock certificates.

A record number of complaints have been received by the SEC and the Exchange in 1968 and 1969, at least three times as many complaints as in prior comparable periods of time. Exhibit #1, annexed. Over 80% of these complaints received relate to operational difficulties in handling customers orders.

Experience has shown that the regulatory agencies are not contacted by customers until they become frustrated from a lack of service or response from the firms. For this reason, the number of complaints received at the Exchange is relatively smaller in comparison with the much larger number received by the firms. Complaints to the Exchange are, literally, the top of an ice-berg of customer dissatisfaction and only a part of the record of unsatisfactory service from the firms.

Many of the complaints received by the SEC are passed on to that agency by members of Congress. The SEC for several years has used complaint statistics as a primary indicator of the condition of the securities industry and of individual firms. During the summer of 1969 when the Exchanges were seeking extension of trading hours, the SEC cited continued high complaints as a reason for delaying the extension of trading hours. In recent months, the SEC has emphasized that the increased number of complaints is a major reason that it is currently seeking extensive additional reporting of operations and financial statistics by securities firms and self-regulatory agencies.

III Statement of Facts and Explanation

The facts of these charges are developed from the record of complaints received from du Pont customers by the Exchange, during the period September 1, 1968, through October 31, 1969. The charge relates not only to the number of complaints received from du Pont

customers, but, more significantly, to the unreasonably long time periods to respond to and resolve customer complaints.

There were other member firms who during certain periods had a comparable number of complaints to du Pont. However, the points illustrated below show that those member firms reacted to the extraordinary number of customer complaints and established an organization and procedures which processed complaints effectively. Du Pont did not. Even after the strong volume dropped off in the second quarter of 1969, du Pont continued to receive the largest number of complaints and take the longest period of time to be responsive to customer complaints. Instead of improving its servicing of complaints, with the relief from the relatively low volume months of July through October, du Pont's record of responding to and resolving of complaints, did not improve. In fact, its record of handling complaints is poorer now than earlier in the year.

Du Pont's Record:

Du Pont received the highest number of complaints of all member firms during the 14 month period ending October 31, 1969. With approximately 2.2% of the sales volume of the Exchange, du Pont was the subject of 12.5% of customer complaints filed at the Exchange, i.e., 630 of the 5,054 complaints were du Pont's. See Exhibit 2, annexed.

Notice of the Problem:

On at least six occasions in the second half of 1968 and the first half of 1969, the Vice President in charge of the Department of Member Firms discussed the unsatisfactory level of du Pont's complaints with Charles B. Moran, then managing partner of the firm. On at least two of these occasions, the SEC's concern with complaints against du Pont was stressed.

In December 1968, the SEC sent investigators to du Pont's New York City offices to determine what was being done to improve the services to complaining customers.

As described above, the Exchange fined du Pont in March of 1969 for violation of standards for the maintenance of books and records.

In April 1969, an Exchange office inspector, John M. Ring, made a series of visits to du Pont's offices at 1 Wall Street and 2 Broadway in New York City. He expressed the concern of the Exchange for what was an increasing number of customer complaints and unreasonable delays in responding to complaints. These remarks were directed to Llewellyn P. Young, partner-in-charge of legal and compliance, and subordinate members of his staff.

Thereafter, through October, the Exchange staff through at least five different individuals continued to express to the partners at du Pont the concern for the growing number of complaints and the number of aged and unresolved complaints on the records of the firm. See Exhibit 3, annexed.

Number of Complaints Increased:

Even with the decreasing sales volume in May 1969, du Pont's customers continued to complain to the Exchange in the second and third quarter of 1969, and through October. Other firms' complaints dropped off. Du Pont's continued at the highest rate. In October, du Pont was the subject of 15.4% of all the complaints received at the Exchange, the highest proportion of all complaints received by a member firm in the 14 month period. See Exhibit 4, annexed.

Sud-Standard Handling of Complaints:

Not only did du Pont receive the highest number of complaints during this 14 month period, its handling of the complaints was far below the standards of service of the other member firms.

i) Du Pont has, by far, the greatest number of aged complaints of all member firms. From August through October 1969, an average of about one-third of the Exchange's unresolved complaints 90 days old or older were du Pont's. In the week of October 25th, of all the Exchange complaints unresolved after 90 days, 33.3% were against du Pont; the next poorest performance was 5.3%. See Exhibit 5, annexed. (In mid-November, du Pont was responsibile for 40% of the aggregate number of complaints over 90 days old.)

ii) At the end of the 14 month period in October, du Pont had more unresolved complaints than any other firm. See Exhibit 6, annexed.

iii) From June 1 to October 31, 1969, du Pont required an average of 66 days to resolve a complaint, almost twice as long as the average of the other firms. See Exhibit 7, annexed.

iv) A letter of October 31st was directed from the Exchange to Llewellyn P. Young, compliance and legal partner, inquiring of the status of 40 complaints which then were more than 60 days old. By November 26th, a response had been made on only 11 of the list of 40. As of this date, 34 of the list of 40 remain unresolved and are at least 86 days old. Compared to the other firms, du Pont's response and reaction to the Exchange's letter on complaints in unreasonably slow and is by far the poorest of the 32 firms contacted at the same time.

Relationship With the SEC Made Difficult

With the extended involvement of the SEC in the affairs of the Exchange firms in recent months, the fact most often mentioned as a primary trouble spot --- as an indication of the poor capability of the firms to handle their operational problems --- was the record of handling customer complaints by du Pont.

In recent months, when the officers of the Exchange attempted to extend to the conventional five and one half hour period the reduced trading day, the SEC would permit only two 30 minute extensions of the then four hour trading day. Even these two extensions were extremely difficult to obtain. The fact most offered as the reason the SEC did not feel that the firms were prepared to handle the business resulting from extended hours was the continuing customer complaints and the lack of responsiveness to complaints by the firms. Du Pont's poor record of handling complaints was continually referred to as a prime example.

At the present time, the Exchange officers are attempting to prevent the SEC from imposing a new reporting requirement related to operational conditions. If the SEC is successful, the firms will be required to report quarterly extensive operational and financial data to the Commission through the Exchange. This would be prepared on a monolithic basis - regardless of the systems and definition utilized by the firms at present. It would represent for all firms a significant additional burden, and for many a change in operational and accounting procedures. The SEC staff continually states that this is necessary because of the kind of problems they had observed in the firms back offices, especially like that of du Pont's inability to have control of orders, basic record-keeping, and accounting as evidenced by the firm's inability to respond to customer complaints without unreasonable

IV Violations: Section 10, Article XIV of the Constitution; Rule 401; Rule 342

Du Pont was on notice that it was having a complaints problem as early as the fourth quarter of 1968.

Both the SEC and the Exchange had contacted the firm's partners to advise them of their concern about improper procedures to resolve complaints.

Even after repeated reference to the problems, by the Exchange staff from April through October 1969, the resolution of complaints did not improve; in many ways it deteriorated.

Du Pont at the end of October 1969 had 148 open complaints; the nearest firm total of all Exchange firms was 57 open complaints. Thirty-three percent of the Exchange's open complaints at the end of October 1969, which were over 90 days old and unresolved were du Pont's; the next poorest performance by a firm was 5.3%.

In the five months from June 1st through October 31st, it took du Pont an average of over two months to resolve customer complaints --- 66 days --- from the date the complaint was opened at the Exchange, until the matter was resolved. This was 60% longer than the firm with the next poorest performance, and approximately 76% longer than the average of firms of comparable size and with a comparable number of complaints.

A. Constitution Article XIV, Section 10

The Exchange has not been permitted by the SEC to extend the reduced trading hours to the conventional five and one-half hour day due to the reputation of the Exchange's firms to be incapable of handling increased business. Even to increase from four to five hours required continual advocacy by the Exchange staff to the SEC; this resulted in several weeks' delay of extending trading hours. Additional reporting of operational and financial data, direct to the SEC, may be required in the near future.

One of the primary facts offered continually by the SEC to justify this kind of regulation and to illustrate its view by the industry, was du Pont's inability to conduct its operations efficiently and to handle responsively and in a timely manner, its customers' complaints.

Such inability of du Pont and the parties named in these charges may constitute a pattern of conduct which is clearly detrimental to the interests and welfare of the Exchange and its member firms in violation of Section 10 of Article XIV.

B. Rule 401

A customer who has not been extended complete and accurate services with his investments is deserving of prompt and professional corrective reaction from the member firms. Complaining du Pont customers, who have had to turn to the Exchange for help to resolve their issues, have not been afforded this kind of relationship.

Francis I. du Pont and Co., as a member firm, violated the principles of good business practice in the securities industry, by failing to make timely resolution of customer complaints.

Such actions raise the question of a violation of Rule 401.

C. Rule 342

Rule 342 requires that the management of a firm delegate responsibility for the conduct of its business to qualified individuals and at each level of management establish a system of review to make sure that these responsibilities are being carried out.

The principal persons responsible for delegation and review of supervision in complaints at du Pont during the past year were: Edmond du Pont, senior partner whose financial interest gives him final authority of the firm; Charles B. Moran, Jr., managing partner until September 11, 1969 and now a limited partner; Wallace C. La Tour who succeeded Mr. Moran in September, 1969; Edwin B. Peterson, partner responsible for administration, who reported to Mr. Moran and to whom in turn Mr. Young reports; Llewellyn P. Young, partner-in-charge of legal and compliance matters; Albert J. Coffey, partner-in-charge of operations until May 1969; Samuel A. Gay who succeeded Mr. Coffey in June 1969. All are currently partners of the firm except Mr. Coffey.

During the period discussed in this memo, du Pont changed its management system. Initially, a managing partner had several partners responsible for specific functions reporting to him.

Then the business of the firm was organized under divisions for major parts of the business, initially each was under an Associate Managing Partner, now there are four Managing Partners, each in charge of a division, jointly forming an Office of the Managing Partner. Mr. La Tour is the senior managing partner responsible for overall supervision and control.

Each of the parties named herein, by his lack of proper action or by his unacceptable handling of the complaints problems of the firm may have violated Rule 342.

V. Conclusion

CHARGES

A. Francis I. du Pont and Co. and certain of its partners, i.e., Edmond du Pont, Charles B. Moran, Wallace C. La Tour, Edwin B. Peterson, Llewellyn P. Young, Albert J. Coffey, Samuel A. Gay, failed to handle properly their customer's complaints during the period September 1, 1968 through October 31, 1969, caused, in significant part, certain actions to be taken which were adverse to the interests of the Exchange and thereby violated the Consitituion: Article XIV, Section 10. (Charge #1)

B. Francis I. du Pont and Co. failed to respond in a timely fashion to customers complaints during the period September 1, 1968 through October 31, 1969, acted in contradiction to the principles of good practices in the conduct of its business affairs and thereby violated Rule 401. (Charge #2)

C. Certain partners of Francis I. du Pont and Co., i.e., Edmund du Pont, Charles B. Moran, Jr., Wallace C. La Tour, Edwin B. Peterson, Llewellyn P. Young, Albert J. Coffey, Samuel A. Gay failed to establish the necessary procedures and exercise the necessary management and supervision to resolve and respond to customers complaints during the period September 1, 1968, through October 31, 1969, and thereby violated Rule 342. (Charge #3)

EXHIBIT 1

EXHIBIT 1

COMPLAINTS TO THE REGULATORY AGENCIES INCREASED MARKEDLY DURING THE PERIOD APRIL, 1968 THROUGH MAY, 1969, AND HAS CONTINUED THROUGH THE THIRD QUARTER 1969.

	NYSE	SEC
*TOTAL 1967	1,371	2,934
1st Quarter 1968	486	1,080
2nd Quarter 1968	566	1,330
3rd Quarter 1968	737	2,312
4th Quarter 1968	982	2,829
*TOTAL 1968	2,771	7,551
1st Quarter 1969	1,167	3,605
2nd Quarter 1969	1,268	3,748
3rd Quarter 1969	1,020	3,343
*TOTAL thru September	3,455	10,696

EXHIBIT 1

EXHIBIT 2

EXHIBIT 2

DU PONT WITH 2.2% OF THE EXCHANGE SALES VOLUME, RECEIVED 12.5% OF THE COMPLAINTS DURING THE PERIOD SEPTEMBER 1, 1968, THROUGH OCTOBER 31, 1969. THE FIRM HAD THE MOST COMPLAINTS FILED AGAINST IT OF ALL THE FIRMS DURING THAT PERIOD.

duPont and 7 comparable firms	% of Complaints Received at the Exchange during the 14 Mo. Period	Total Complaints 14 Month Period
1. Du Pont	12.5%	630
2. Firm B	10.2%	514
3. Firm C	8.0%	404
4. Firm D	6.4%	322
5. Firm E	4.2%	211
6. Firm F	3.8%	193
7. Firm G	1.1%	57
8. Firm H	1.0%	50
9. All Other Firms	52.8%	2,673
TOTAL 100%	100%	5,054

EXHIBIT 3

EXHIBIT 3

NOTICE TO DU PONT OF THE PROBLEM

1. On at least six occasions between the summer of 1968 and the summer of 1969, the vice-president-in-charge of the department of member firms discussed the seriousness of duPont's complaints backlog with Charles B. Moran, then managing partner. Beginning in December 1968 these conversations included discussion of the SEC's emphasis on complaints as an indicator of industry and firm operational conditions.

2. During December of 1968, the SEC sent investigators to duPont's New York offices, who contacted the persons named in these charges, to determine what was being done to correct what appeared to be operational problems and to improve the services to complaining customers.

3. On March 25th, the Board of Governors censured and fined the firm $10,000 for violation of the standards for the maintenance of books and records of the firm.

4. In April of 1969, Exchange office inspector, John M. Ring, made a series of visits to duPont's offices at 1 Wall Street and 2 Broadway in New York City, discussing with senior executives the complaint problem, the systems instituted to satisfy complaints, and the nature of the complaints.

5. In June, the SEC brought a private proceeding against duPont for what were allegations of improper handling of customer complaints.

6. On June 13th, Robert M. Bishop vice-president and director of the department of member firms, wrote to Mr. Moran indicating his concern for the number of aged complaints outstanding against duPont. On June 23rd, Mr. Moran acknowledged the letter, indcated his general agreement that the complaints were a problem, and that the firm was taking steps to handle the complaints.

EXHIBIT 3

7. In July, member firms department executive, M. M. Frankhauser, vice-president, had a discussion with Mr. Young in which the Exchange expressed its concern for the continuing number of complaints being received from duPont customers and the delays that were being experienced to respond to the customer letters.

8. On July 25th, Robert M. Bishop, wrote to Mr. Edmund duPont, senior general partner, expressing his concern for the large relative number of outstanding aged complaints which then existed.

9. On July 28th, in a letter from J. William Dukes, complaints division manager, to Mr. Young, the Exchange advised duPont of what were 46 complaints on duPont which at that time were more than 60 calendar days old, and urged the firm to expedite answers to customer complaints.

10. On September 3, 1969, in a letter from Mr. Dukes to Mr. Young, the Exchange advised the firm that 45 complaints to the firm were more than 60 calendar days old.

11. On September 9th, Messrs. Young and Peterson, representing duPont, met with the Exchange and SEC staff to determine what steps had been taken to remedy duPont's problems and to discuss why the number of delays were continuing in the responses to customer complaints.

* Percent of Complaints Received on All [illegible]

EXHIBIT 4

EXHIBIT 4

IN THE SECOND AND THIRD QUARTER OF 1969 --- WITH DECREASING SALES VOLUME --- DU PONT'S CUSTOMER COMPLAINTS CONTINUED AT THE HIGHEST RATE.

The columns of figures below present the number of complaints received each month and the percentage that firm received of all the complaints received at the Exchange.

rter	Complaints on All Firms	duPont		Firm B		Firm C		Firm D	
		Vol.	%*	Vol.	%*	Vol.	%*	Vol.	%*
Quarter '68	960	91	9.3	100	10.2	74	7.6	61	6.2
Quarter '69	1167	143	12.3	158	13.5	86	7.4	65	5.6
Quarter '69	1268	164	12.9	127	10.0	105	8.3	88	6.9
Quarter '69	1020	150	14.7	72	7.1	88	8.6	66	6.5
tober '69	416	64	15.4	23	5.5	32	7.7	28	6.7
Total	4851	612	12.6%	480	9.9%	385	7.9%	308	6.3%

* Percent of Complaints Received on All Firms.

EXHIBIT 4

EXHIBIT 5

EXHIBIT 5

COMPLAINTS AGED 60 DAYS

DU PONT HAD A FAR GREATER PERCENTAGE OF COMPLAINTS STILL UNRESOLVED AFTER 60 DAYS IN COMPARISON WITH OTHER FIRMS OF COMPARABLE SALES.

	Du Pont	Firm B	Firm C	Firm D
Week of July 5th	22.5%	7.5%	8.7%	10.6%
July 22nd	29.8%	5.1%	9.1%	7.4%
Aug. 1st	38.0%	6.6%	7.4%	6.6%
Aug. 15th	36.3%	7.7%	7.1%	4.5%
Aug. 29th	32.9%	9.6%	7.7%	6.4%
Sept. 13th	29.5%	10.1%	7.6%	4.7%
Sept. 27th	31.5%	10.9%	5.4%	4.7%
Oct. 11th	30.9%	9.4%	5.0%	5.8%
Oct. 25th	31.9%	5.9%	5.9%	2.2%

COMPLAINTS AGED 90 DAYS

DU PONT HAS A GREATER PERCENTAGE OF COMPLAINTS STILL UNRESOLVED AFTER 90 DAYS IN COMPARISON WITH FIRMS OF COMPARABLE SALES.

	Du Pont	Firm B	Firm C	Firm D
Week of July 5th	17.8%	5.5%	15.1%	8.2%
July 22nd	19.3%	3.6%	9.6%	7.2%
Aug. 1st	23.2%	8.7%	2.9%	7.2%
Aug. 15th	40.4%	5.3%	5.3%	8.8%
Aug. 29th	27.5%	11.8%	7.8%	9.8%
Sept. 13th	25.6%	9.7%	8.5%	4.9%
Sept. 27th	33.3%	11.9%	4.8%	4.8%
Oct. 11th	30.6%	10.6%	3.5%	5.9%
Oct. 25th	33.3%	5.3%	5.3%	1.3%

EXHIBIT 6

AT THE END OF OCTOBER 1969, DU PONT HAD MORE THAN TWICE AS MANY UNRESOLVED COMPLAINTS AS THE OTHER FIRMS WITH COMPARABLE SALES VOLUME.

	Du Pont	Firm B	Firm C	Firm D
1. Total of Complaints Received for 14 Month Period	630	514	404	322
2. Unresolved Complaints as of October 30, 1969	148	47	57	36
3. % of Complaints which remained unresolved on October 30, 1969	23.5	9.1	14.1	11.2

EXHIBIT 7

EXHIBIT 7

DESPITE CONTINUED NOTICE THAT A COMPLAINTS PROBLEM EXISTED, DU PONT'S PERFORMANCE IN RESOLVING COMPLAINTS DETERIORATED; IT REQUIRED ALMOST TWICE AS LONG TO RESOLVE COMPLAINTS AS THE COMBINED AVERAGE OF FIRMS OF COMPARABLE SIZE IN THE PERIOD JUNE 1 THROUGH OCTOBER 1, 1969.

June 1 - October 1, 1969

Firm	Average Days to Resolve Complaints
du Pont	66.3 days
Firm C	41.1
Firm D	37.2
Firm B	36.7
Three firms combined average	38.3 days

Francis I. du Pont & Co. — Dec. 31, 1965 — Req. '67

NET WORTH	58,133,000
NET C.A.	19,565,000
REQ.	17,783,196
EX.	(19,130,713)
RATIO	—
NON-EX. TO	—
EX. NET C	—

a			35,763,919
n	c	Defect	(1,347,517)
R			—
C			
30 %		21,067,000	
10 %		4,571,000	
7½ %		887,000	
5 %		3,469,000	
4 %		2,224,000	
3 %		4,375,000	
2½ %		3,774,000	
2 %		954,000	
1½ %		929,000	
1 %		27,749,000	
No deduction		119,146,000	Sq. 40,000 ± (see pg. 2 of white sheet)
			(Schedules attached)

See OQ's Memorandum

Q13 "Valuation of security cont. differences"

short values of $6,950,000 were not chgd.
If the $6,950,000 had been chgd -
capital position would be -
N C Defect (3,297,517)
2
no value was allowed for lines of $2,990,000

Q "valuation reserve" for security cont. differences
and dividend accounts

Ledger cr. $4,600,000 was allowed

Q13 "Valuation of dividend differences"

short values of $1,809,845 was chgd
no value was allowed for lines of "2,868,691

Q13 " Valuations also dividends and interest payable

Ledger cr. $3,616,386 was valuation and
no value was allowed for lines of "34,715,377

Cont'd

EX # 60 FOR ID.
Clenet
DATE 5-17-74
Ass'n Reporting Service

PLF. EX # 143 FOR ID.
WIT.
DATE

Francis I du Pont & Co

Sept 28, 1969

(Cont'd)

Distributed w/P Chemed

Auditors (Alexander & Sells) letter 11/26/69 - in part -

Our report concerning material inadequacies will be sent under separate cover

Rpt rec'd 1/13/70 J.L.V.

Does not include securities valued at $31,360,125 along with cash of $75,944 which represents collateral to Demand Notes having a face value of $33,872,600. Cash overdraw deposit (security charge) of $10,340,699 was Rpt'd

See Sch II 36 ft. (1)

Turn over to J.L.V.

(1) Note various large blocks

9 12 Subordinated debt

Ledger cr $4,667,965.23

for value 155,125

Sch II

Should be covered in 1/30/70 spec. Inc. Questn

No effect was given in analysis to following Note

4. The Respondent has entered into an agreement with du Pont, Laird Securities, Inc., a corporation organized for the purpose of providing services and making investments, which provides, among other things, for "standby capital" which, if required for purposes of New York Stock Exchange net capital rules, may be subordinated to all claims of general creditors. The agreement provides for a maximum of $2[illegible],000,000 allowed capital value of which approximately $1,000,000 was on deposit and available for subordination at November 26, 1968. Copies of such agreement have been filed with the New York Stock Exchange.

Subsequent to September 28, 1969 additional capital in the amount of approximately $1,589,000 was contributed to the Respondent. Such amounts are not included in the foregoing answers.

Financial obligations of [illegible] Sch A thru L

Note the numerous capital borrowings attached

other borrowings Sch M

III (C)1 - P&C & RAS commenced with approach. J.L.V.

III (C)2 No increase in value of pledge (Cont'd)

Note change.

Spencer Ide Part V C — Reg 9 — 397

Sept 28, 1967

(Cont'd)

	III (B) 2.	(Undermargined security accts $1,086,343 was chgd		See Worksheet
Correct treatment J.B.V.	III (J)	(Excess shorts) $13,254.23 was chgd		
	III (K)	(Fails - dd) $1,209,748 was chgd		
Held under Rule 409 31 Stg Litigation J.B.V.	III (O)	Confirmations not requested on 44 customers accts		
Correct treatment J.B.V.	Re 1-f. chg	(Cust. future cdties) $987,041 was chgd.		Feb. 14
	916 A	Lawsuits pending		Pg 6 - Part I (in work p/p)
Treatment explained by firm in ltr 6/25/69 J.B.V.	916 B	Drafts - immediate credit received $4,942,839 included on p. 9		
	9 1 C	Fully paid securities not segregated	$110,257,835	
		Fail to rec		$ 44,193,933
		Short in dividend accts		2,246,679
		" " omnibus accts		337,797
		" " fds + mis accts (current items)		392,544
		customers accts pending completion of open transactions		38,593,927
		Pledged in error (prior corrected)		35,566,085
		Loaned in error (" ")		367,977
				$110,257,835
See audit report J.B.V.				
Letter 10/25/68 J.B.V.		See respondent's Note 2 of Part I - attached		
		Note 1 Unresolved thefts "Box" location not shown		
	9 4 A	Securities borrowed:		
	1.	against securities pledged as collateral		
		Exempted secs. borrowed against exempted secs		$ 71,671,000
		Exempted secs pledged $71,425,000		
	9 4 C	Securities loaned		
	1.	against securities deposited as collateral		
		Exempted secs loaned against exempted secs $17,940,000		
		Exempted secs deposited		18,403,300
				$ 90,074,300

(Cont'd)

Francis I du Pont & Co. Reg 9 4/7

Dec 21, 1969

(Cont'd)

Q 41 + 94 C (Cont'd)

Investments $2,251,982 (2-7 of 790,079,300) were c-d. Answers do not indicate that firm securities were pledged or loaned (thus treatment per 6.e.35.)

Inquire of firm whether such secs. pledged or loaned - were exempt secs or restricted securities

Q 43 Securities failed to receive:

3. Dividends on securities failed to receive ex dividend record date

Print valuations of $3,139,344 were c-d

(treatment per 2 EW)

also see comment re Q 10B on next page

Q 96A 2nd paragraph of Haskins and Sells audit report contains qualification re Question 6(A) and refers to Note 2 of Part I which follows

(See comment at this time per RAS RP)

3. The answer to Question 6A includes all accounts designated as cash accounts by the Respondent other than accounts combined and reported in accordance with General Instruction B.6, unsecured accounts, accounts with credit balances having open contractual commitments, and accounts with free credit balances, which are included elsewhere in the answers to Question 6. A reserve has been provided for accounts considered doubtful of collection; such reserve is included in the answer to Question 13.

Q 13 Valuation reserve
Doubtful debts
Ledger cr $579,607 36 allowed

(Cont'd)

3 pieces I du Pont v Co

Reg 9

547

Sept 28, 1949

(Cont'd)

Q 6 C Partly secured accts

Ledger dr $2,595,648.01 } Chgd
photo values 1,100,856 }

Ledger cr 120,591 } allowed
long values 1,080,558 }

Q 6 D Unsecured accts

Ledger dr $2,872,660 } Chgd
photo values 2,665,941 }

no effect - on analysis - was
(price collected $207,019
value $83,896)

Q 7 D Unsecured debit balances

1. Time collected $ 1,489 Chgd
2. Other 99,695 Chgd
4461.66

Q 10 T Leg + Inv accts

B Securities - purchased on behalf of clients and failed to receive which are being researched for disposition

Ledger dr 115,167 } Chgd
photo values 2,079,906 }

long values $4,139,854 allowed

Refer to these schedules and note that many securities - delivered and received - were not priced or valued

Noted 2 L.

Note 5 of Part I - attached - appears to be a response to II (d)

II B 3 Undist P & L dr $11,059,738 was Chgd
also refer to Note 6 of Part I - attached

(Cont'd)

Francis I du Pont & Co — 657

Dec 9

Dec 28, 1969

(Cont'd)

Q13 Dividends and interest receivable - Other

ledger dr $3,511,240
short value 738,880 } chgd

Q13 "Insurance accounts - net"

ledger dr of $342,815 was chgd

note that this is a net figure
make further inquiry

Q13 "Subscription and exchange accounts"

ledger dr of $198,523 was chgd

no explanation in answers that flow
are current (within 3 days)

Q13 Receivables from affiliates

ledger dr of $1,822,286 was chgd

(thus treatment per L.E.F.)

also refer to Note 8 of Part I - attached

Note 7 of Part I - attached - refers to

Francis I du Pont & Co S.A.
Francis I du Pont S.A. Luxembourg
the Wall Street Leasing Corporation
Francis I du Pont (U.K.) Limited

Q14: Francis I du Pont & Co S.A. Luxembourg was Exhibit 322-107 Page
analysis of their answers shows

A $ 46,560
C (14,579) shipped
R
D

Note
The parent Co. net capital was chgd $24,579

(OK foreign affil. limited investment value)

(Cont'd)

Francis I du Pont & Co — Reg 9 — 787

Sept 28, 1965

Re capital value of the stock of
Francis I du Pont, 1.C. Allyn Jr.
and
Francis I du Pont Morningstar Jr.

(added)
In the analysis we allowed $466,177
in computing the member firm's Net Capital

Respondent's computation shows $687,762.

A reconciliation is attached to the 1st Copy
of the white sheet

12/29/65

X

Francis I. du Pont Municipals, Inc. B/S 9/30/69
Reconciliation of Net Capital per respondent with that derived from analysis of Balance Sheet

Net Capital per respondent (adjusted)		$ 821134
Items not charged by respondent:		
Other Assets	19009	
Accrued Interest Receivable	10625	
Joint a/c	187562 *	
		217196
Adjusted Net Capital		$ 603938
* Not clear - details not submitted		
Aggregate Indebtedness per respondent		$ 545320
Item not included by respondent:		
Good Faith Deposit Payable		10800
		$ 556120
5% Aggregate Indebtedness		27806
Value of Stock allowed to Francis I. du Pont & Co for Capital Computation		$ 576137

Francis I du Pont & Co. Allyn Inc. B/S 9/30/69
Reconciliation of Net Capital per respondent with that derived from analysis of Balance Sheet

Net Capital Per respondent (adjusted) - deficit		$ (49729)
Add: Debit Balance in Subordinated Loans	733750	
Less: Securities Long (Sub-by F.I.D. Mun)	689900	
		43850
		$ (5879)
5% of Aggregate Indebtedness ($ 2,081,524)		104076
Value of Stock allowed to Francis I. du Pont & Co for Capital Computation		(109955)
Total Value of Stock allowed to Francis I. du Pont & Co for Capital Computation		$ 466177
Aggregate Indebtedness per respondent		2004548
Add: Joint a/c credit balances *		76973
		2081521

* Not Clear - details not submitted

Pl. Ex. 144 (523a)

MEMORANDUM

PLF. DEFT. Chenet EX # 61 IDENTIFICATION FOR ID. DATE 5-17-74 ... Reporting Service

523

December 3, 1969

Subject: Current Status of Francis I. duPont & Co. - Meeting Held on December 1, 1969

Representing the firm were Messrs. Wallace C. Latour, Samuel A. Gay and Milton A. Speicher.

Representing the Department of Member Firms were Messrs. Arning, Bishop, Stock, Hays, Chenet, McElroy and Upton.

Mr. Wallace C. Latour went into great detail in explaining the history of the firm, the problems as a result of their audited financial questionnaire and the steps they plan to take in solving the existing problems. He also stated that a great deal of the problem was due to the fact that research of specific items was very difficult.

Mr. Gay reported that the firm as per their September 28, 1969, regular financial questionnaire had a net capital deficiency of $7,000,000. He also advised that the firm had added additional capital of $7,500,000 and that the firm had a $500,000 profit in October. With the preceeding items included, the firm stated that their capital ratio was 1900% plus. Mr. Latour felt that the firm will not need additional capital but needs to resolve certain problems so that they can reduce charges to capital. Mr. Latour further stated that the firm, at the present time, has no access to any additional capital. In addition, Mr. Latour stated that the firm will reduce its branch offices as soon as possible.

Mr. Bishop advised the firm that he would consider placing an excess capital requirement on the old stock record differences. The rate fixed on these differences would depend on the progress being made by the firm. He also wanted a report on what the stock record counts will show.

The firm explained that they were aware of the customer complaint problem and that this was caused by the transfer department. They stated that the number of complaints has decreased and that they were clearing up the existing complaints. Mr. Hays handed each partner a copy of the charges for violations of the NYSE Constitution, Article XIV, Section 10, and Rules 342 and 401 during the period September 1, 1968, through October 31, 1969.

PLF. DEFT. EX # 144 IDENTIFICATION FOR ID. WIT.

Kevin C. Upton

mvn

MEMORANDUM

PLF. DEF. Cheney EX. & 62
DATE 5-17-72
Ba... Reporting Service

January 6, 1970

FRANCIS I. DU PONT & CO.

On Monday morning December 29, 1969 I met with Sam Gay, operations partner of Du Pont.

He advised that firm would show a capital ratio of approximately 1950% as of 12-24-69. The improvement in capital since the audit date has been accomplished to some extent by reduction of charges arising from old dividends, old fails and unsecured customers' accounts. The principal reason for capital improvement, however, is the sale of long securities in difference accounts.

Work Program

The recent audit disclosed four principal areas of operations that were deficient and which caused major charges against capital, viz:

1. Dividends
2. Fails
3. Customers' accounts
4. Security count differences

Mr. Gay said that specific crews of employees had been assigned to "clean-up" in each of these areas and that he had set these target dates for investigation and resolution of the differences etc.

1. Non-Current dividends - Audit value approximately $17,400,000; Current value approximately $15,500,000.

   Clean-up period - Six months with considerable progress in early months and slow up towards end when hard-core differences require considerable research time.

2. Fails over 39 days old - Audit penalty $1,500,000. - Current penalty $1,200,000.

   Clean- up period - Three months

Ex. 145

3. Unsecured and partly secured customers' accounts - Penalties at audit date approximately $8,000,000. - Current penalties approximately $6,700,000.

Clean-up period - Three months

4. Short security differences - Audit value $6,900,000. Current value $6,200,000.

Clean-up period - Three months

During this three month period cycle counts will be confined to those positions with differences - full cycle counts will be resumed at end of this period.

PJC

Pl. Ex. 154
526a

R-1-75.

Spencer Trask & Co. Reg. 4

Aug 25, 1961

NET WORTH	58,13,000
NET C.A.	21,335,000
REQ.	17,788,126
Deficit NET C	(17,3[illegible],169)
NET C	
NON EX. TO	
EX. NET C	

a) 35876321.9

b) 467328

c) 76128%

d) varieus 189140.000 (See White Sheet of 7/3/69)

No comment from supplying reports. See 12/31/59 Q 3.d.v.

13 Security count differences that values of $7,598,845 were not charged If the above values had been charged Capital position would be NC Deficit ($7,131,517)

No value was allowed for long of $249,687,691

No comment in view of RAS made No basis V.A.v.

This supplemental White Sheet gives effect to Registrant's letter of 7/31/70 with the exception of the item under Q 13 Valuation of Amount of difference

a) Net Adjustment of $7,598,845 - which was charged to the analysis

b) long values of $863,696 for which no value was allowed.

c) Revised the amounts of Amount, Cost differences (See Copy of letter attached)

Refer to original White Sheet of 7/3/69 for other pertinent data

7/31/70

PLF. Ehrenet EX #15 IDEN. | FOR ID. DATE 5-17-74 Nat'l Ass'n Reporting Service

PLF. EX # 154 IDEN. | FOR ID. WIT. DATE

Pl. Ex. 167, pp. 527a-530a
527a

NEW YORK STOCK EXCHANGE

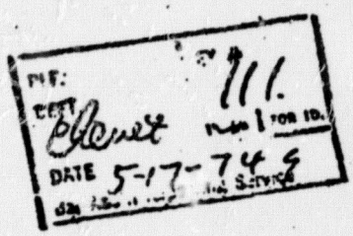
MEMORANDUM

June 24, 1970

TO: Messrs. Cunningham and Arning

FROM: Frank E. Dominach, Jr.

SUBJECT: F. I. duPont, Glore and Hirsch -- Merger



Based on an analysis of the Special Operations Questionnaires submitted by duPont, Glore and Hirsch during 1970 and up-dated information I have received over the phone, I recommend that the merger be delayed until: (1) assurances of additional capital are provided, and (2) that duPont's operations exposure be completely identified and substantially reduced.

F. I. duPont's capital ratio on 6/11 was 1,700. Their excess was 2.2 million, and they are losing approximately $2 million a month so far this year. In May, the loss was 2.4 million despite a 23% increase in the number of trades over April. F. I. duPont informs me that the excess capital as of the first week in June for the three firms combined is $6 million, if all capital from Glore & Hirsch comes over. The three firms together lost $3.4 million in the month of May. Under present conditions, and including the unknown additional merger expenses, the combined firms would be in capital violation in my opinion within two months without even taking June's losses into consideration. Their capital computation does not take into consideration the stock record differences of 8.8 million long and 9.6 million short for duPont.

It is my opinion that not enough progress has been made in the differences area at duPont considering the number of differences still on the books when compared to January, 1970 and the advantage they had due to reduced market volume.

F. I. duPont has not had a securities count in over six months. This raises the question as to the validity of their differences and exposure without even giving consideration to the validity of the aged transfer items and condition of the reorganization accounts.

At the rate they they resolved their stock record differences in the month of May, it will take them six years to complete the project. At the end of May, there was 7,146 differences down 106 items from 7,252 at the end of April. From 1/31 to 5/31 the long

value of such differences declined by 2.8 million from 11.6 million to 8.8 million. However, the short value has only gone down 250,000 from 9.9 million to 9.65 million.

Dividends receivable, both cash and stock, over 30 days old was reduced by 2 million from 11.4 million to 9.4 million from 1/31 to 5/31. However, cash dividends receivable over 30 days increased by $900,000.

The unsecured accounts numbered 5,318 on 1/31 with a value of 3.7 million. On 5/31, DuPont reported 5,145 accounts with a value of 4.4 million.

Schedule A identifies these areas for each of the firms and as the merged firm. I have entered Bache's figures for a comparison since the two firms would then be about the same size.

Attachment

Frank E. Dominach, Jr.

BEST COPY AVAILABLE

MERGED FIRM ANALYSIS
SOQ EXTRACTED STATISTICS
(000 OMITTED)

	duPont 5/31		Glore 5/31	Hirsch 5/31	Merged		Bache 4/30
A. I.	6/11 $249,300	6/19	65,400	48,100	362,800	5/31	338,200
Excess Capital	6/11 $ 2,200	6/19	900	3,000	6,100	5/31	15,800
Loss YTD	5/31 $ 9,700	5/31	1,900	900	12,500	5/31	9,800
S/R Difference	7,146		495	13	7,654		3,522
Number	$ 8,800		340	--	9,140		6,300
Long	$ 9,600		440	--	10,040		2,500
Short							
Unsecured Accts.	5,145		581	600	6,326		4,345
Number	$ 2,600		110	160	2,870		3,100
Debts	$ 1,600		190	40	1,830		650
Shorts							
Dividend Rec.							
Over 30 days	$ 4,300		660	300	5,260		2,300
Cash	$ 5,100		340	40	5,480		1,500
Stock							
Avg. Trades For Day	5,492		1,605	961	8,062		7,206

529a

X

SCHEDULE B
6/22/70

F. I. DUPONT SOO ANALYSIS
1970
(000 OMITTED)

S/R DIFFERENCE	5/31	4/30	3/31	2/28	1/31
Number	7,146	7,252	8,649	7,618	8,325
Dollar Long	8,804	9,021	11,198	10,919	11,621
Dollar Short	9,654	10,732	9,650	9,966	9,902
	18,458	20,753	20,848	20,885	21,523
DIV. REC. OVER 30 DAYS					
Cash	4,365	4,361	3,725	3,744	3,473
Stock	5,081	5,699	5,960	7,995	7,987
	9,446	10,050	9,685	11,739	11,460
UNSECURED ACCT.					
Number	5,145	5,345	5,348	4,767	5,318
Debits	2,620	2,576	2,170	1,867	1,905
Shorts	1,781	2,670	2,009	1,870	1,830
	4,401	5,246	4,179	3,737	3,735

AA

Pl. Ex. 168, pp. 531a-532a
531a

PLF. DEFT. Chemit WIT. EX # 168 FOR ID 5-22-74 DATE 5-22-74
BAR ASS'N. REPORTING SERVICE

July 1, 1970

Mr. Wallace C. Latour
F. I. DuPont & Company
One Wall Street
New York, New York 10005

Dear Wally:

I would like to thank you for the information and cooperation you and your staff have given the Exchange in connection with the pending merger. A review of the mechanical and operating procedures necessary to accomplish the merger indicate a sustained effort on the part of everyone and an understanding of the implications. We feel, as I'm sure you do, that the first week of combined operations and the action to be taken from the work plans and schedule, will require strict management and accounting control. In this regard, we have asked Frank Dominach to represent us on your premises, with your consent of course, to monitor the merger progress. Frank has already discussed this with Peter DuPont and Bob Gordon. They were most cooperative.

In our telephone conversation on June 29, I pointed out to you my concern as to the overall net capital position on the combined enterprise, and the need for an infusion of additional dollars in order that an adequate cushion could be provided. My concern and, I know yours as well, is to be as certain as we can that reduced levels of revenues, that probably will exist during the July-August-September quarter, do not result in further attrition in the capital area arising from operating losses that cannot now be wholly predicted. The Exchange has been on notice from Mr. Edmond DuPont that substantial sums of additional capital were available, when the right "situation" was at hand. You and I agree that the present combination of Francis I. DuPont & Co. with Glore Forgan and Hirsch & Co., is just that situation. While I know that you are now providing us with the daily proforma capital computation, and that this figure at the moment is most encouraging, that additional capital is mandatory. We are, of

PLF. EX # 168 FOR ID WIT: DATE
PG ID 112
FOR ID 5-22-74
HARVEY B. KRAMER REPORTER

course, concerned that capital infusion be made so that at the commencement of the combined enterprise operation on July 6, excess capital of at least $10 million will exist.

In the area of operations I would like to ask that a more concentrated and isolated effort be placed in the area of DuPont differences, dividends and unsecured account categories. In asking this I realize that some reasonable period of time to effect the myriad of merger activities will certainly be necessary, but nonetheless, possibly at the end of July or early August, it would be desirable to have an outline of a plan by which DuPont could indicate to us how they will attack these areas and couple that with weekly progress reports to the firm coordinator on the changes in the individual areas.

I know the many hours of time and effort that have gone into your program for the combining of these three important entities. I have been told that all the preliminary steps that you had planned and set down for us in detail have been accomplished, that the vast nationwide network has been updated and trained to process the work, and that skilled DuPont personnel will be on hand in each of the new offices to provide aid in the course of next week's combined business activity. All the staff with whom we worked have been most helpful to us in gaining the insights necessary to weigh and measure this project. I do want to wish you the very best for success in this major effort.

Sincerely,

LDN/yjf

Pl. Ex. 192
533a

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CA

NEW YORK STOCK EXCHANGE

MEMORANDUM

PLF. DEFT. Chenet WIT. DATE 5-22-74 | 56 IN EV | FOR ID
BAR ASS'N. REPORTING SERVICE

October 6, 1970

TO: Messrs. Bishop, Stock, LaBoe and Chenet

FROM: Charles A. Rubin

SUBJECT: F. I. Dupont, Glore Forgan & Co.

1. Although it will be presented on our weekly report, the fact that as of their latest daily net capital computation, Dupont's excess net capital is less than $10,000,000 (approximately $7.6 MM - on a daily rough estimate), which is in violation of an exchange directive.

2. Upon reading the transcripts of several meetings with Dupont and Haskin & Sells, I am opposed to the idea of charging 50% of the net (short) stock record differences against capital. It should be the full difference or a % of the shorts only. In the H & S approach, the firm can actually increase its capital (reduce the charge) by 50% of all long differences it chooses to liquidate.

PL. EX. 156
FOR ID 5-22-74
HARVEY B. KRAMER
REPORTER

PLF. DEFT. WIT. DATE Pl. Ex. 192 FOR ID PLAINTIFF

Pl. Ex. 198
534a

PLF. DEF. 1 EX. 172
WIT.
DATE 6-22-74
BAR ASS'N. REPORTING SERVICE

November 3, 1970

Mr. Wallace C. Latour
F. I. DuPont-Glore Forgan & Co., Inc.
One Wall Street
New York, New York 10005

Dear Mr. Latour:

The Exchange has determined to instruct your firm to take the following actions:

1. In the event that $3 million or more of new net capital is placed at the risk of your firm from DuPont family monies by Thursday morning, November 5, your firm should forthwith begin to sell capital securities sufficient to insure net capital of $6 million by November 11.

2. In the event that such new DuPont family capital is not at the risk of the business by noon of November 5, your firm should forthwith begin to sell sufficient capital securities to insure net capital of $10 million by November 11.

Further, your firm should before November 5 give any notice which is necessary or which you desire to give in order to begin selling capital securities on November 5.

Sincerely,

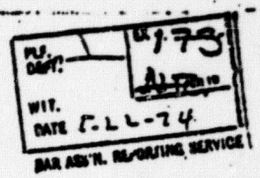
PLF. EX. 198
WIT. FOR ID

(Signed) Robert M. Bishop

Robert M. Bishop
Vice President

RMB/yjf

Pl. Ex. 199
535a



November 4, 1970

Mr. Wallace C. Latour
F. I. DuPont, Glore Forgan & Co.
One Wall Street
New York, N.Y. 10005

Dear Mr. Latour:

On reviewing my letter of yesterday, I find some lack of clarity, although I believe the meaning was clear in my meeting with your partners. I have underlined below revisions which clarify yesterday's letter:

"The Exchange has determined to instruct your firm to take the following actions:

"1. In the event that $3 million or more of new net capital is placed at the risk of your firm from DuPont family sources by Thursday morning, November 5, your firm should forthwith begin to sell capital securities sufficient to add further net capital of $6 million by November 11.

"2. In the event that such new DuPont family capital is not at the risk of the business by noon of November 5, your firm should forthwith begin to sell sufficient capital securities to add net capital of $10 million by November 11.

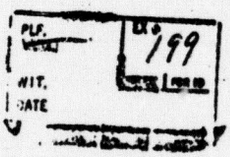
"Further, your firm should before November 5 give any notice which is necessary or which you desire to give in order to begin selling capital securities on November 5."

Sincerely yours,

(Signed) Robert M. Bishop

Robert M. Bishop
Vice President

RMBishop:jka



Pl. Ex. 208
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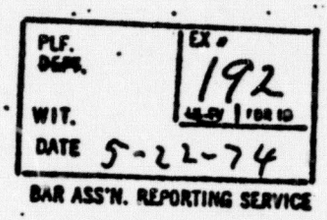


November 24, 1970

F. I. duPont, Glore Forgan & Co.
1 Wall Street
New York, New York 10005

Attention: Messrs. Wallace C. Latour, Edmund R. duPont,
Peter R. duPont, Gough W. Thompson, Jr.

Gentlemen:

In view of the borderline preliminary capital computation by Haskins & Sells based on their recent audit and the substantial questions concerning the true capital position of your firm, you are directed to sell today all securities remaining in capital accounts, including subordinated accounts, and firm positions of any nature whatsoever. This instruction covers all securities defined in Rule 325 as proprietary positions.

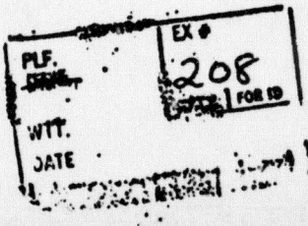
Very truly yours,

Robert M. Bishop
Vice President

Acknowledged Receipt:

W C Latour

P d C f



198
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PLF. DEF. EX. 198
WIT. DATE 5-22-74
BAR ASS'N. REPORTING SERVICE

NEW YORK STOCK EXCHANGE

Department of Member Firms

MEMORANDUM

December 1, 1970

TO: Mr. Robert W. Haack

FROM: Robert M. Bishop

SUBJECT: Reorganization of F. I. duPont, Glore Forgan & Co.

I have discussed the possible ways of reorganizing duPont, Glore Forgan from the point of view of Exchange Constitution and Rule requirements with Fred Stock, Dave Huntoon and Floyd Brandow. The applicable requirements and our thoughts on how they might best be met are spelled out below.

CONSTITUTIONAL PROVISIONS AND RULES

The most important Constitutional provisions for the duPont, Glore Forgan reorganization are those relating to the primary purpose of every member organization and every parent and to the Board of Directors of every member organization. Article IX, Section 7(b)(1) requires every director to own voting stock in his member corporation and further requires that a majority of the Board of Directors be members or allied members. Article IX, Section 7(b)(5) requires that every member corporation and every parent have as its primary purpose the transaction of business as a broker-dealer. Rule 318 backs up the latter Constitutional provision by spelling out what constitutes a parent and how the primary purpose is measured.

Rule 318 also requires that members and allied members must devote the major portion of their time to the business of their member corporation unless otherwise permitted by the Exchange. There is a precedent for such permission being given. Rule 314.11(5) requires members and allied members entering a member corporation to invest initially at least $10,000 in the common stock of the corporation.

PLF. DEF. EX. 211
WIT. DATE

REORGANIZATION PROPOSAL

We understand that the current reorganization proposal envisions ownership of a newly formed member organization by two holding corporations. One of these corporations would be owned by the present partners of duPont, Glore Forgan and the other would be owned by Messrs. Perot, Hart and Meyerson who are associated with EDS Inc. Among other things, the agreement would provide that PHM Corp. would have the right to have a representative on the Executive Committee of the new member corporation and representation on both the Executive Committee and the Board of Directors commensurate with its percentage of ownership of stock of the member corporation.

The proposal contemplates the issuance of voting stock only to the two corporations mentioned above. No provision is made for qualifying shares to be issued to members, allied members and outside directors. There is no Exchange minimum requirement for such qualifying shares.

RECOMMENDED COURSE OF REORGANIZATION

Taking into consideration the need to conform the proposed reorganization as closely as possible to the existing Exchange Constitution and Rule requirements, we recommend that Messrs. Perot, Hart and Meyerson each qualify as an allied member (or member) of the Exchange and that the Board approve under Rule 318 the continued association of each with EDS. We further recommend that once duPont, Glore Forgan has been incorporated that the shares owned by PHM Corp. be transferred to Messrs. Perot, Hart and Meyerson individually.

If Messrs. Perot, Hart and Meyerson become allied members and hold their shares directly rather than through a corporation, there will be no question of compliance with the primary purpose in the Constitution or with the primary purpose portion of Rule 318, which specifically holds that an allied member or member may be a parent of a member corporation. Further, the Constitutional provision that a majority of the Board of Directors must be members or allied members can be met by these three serving on the Board and its Executive Committee in their capacities as allied members.

It would also be desirable for qualifying shares of voting stock to be issued to each person who will be a member, allied member or outside director in the new member corporation who is not otherwise a holder of voting stock. If the Board waives the requirement that an initial $10,000 investment in voting stock be made by each member and allied member, a single share for each will be sufficient.

R. N. Bishop

(5)

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

September 30, 1968

PLF. DEF. Zill WIT. EX. 245 MARKED FOR ID DATE 5-25-74
BAR ASS'N. REPORTING SERVICE

Francis I. duPont & Co.,
One Wall Street,
New York, New York 10005.

Dear Sirs:

We have examined the Answers to Financial Questionnaire of Francis I. duPont & Co. as of June 30, 1968, and have rendered our report of this date thereon. As a part of our examination we made a review of the Firm's accounting system, internal accounting control, and procedures for safeguarding securities, and performed such tests thereof for the period since the date of our last examination as we considered necessary in the circumstances.

Although our examination would not necessarily have disclosed all material inadequacies in the accounting system, internal accounting control, and procedures for safeguarding securities during the period under review, it did disclose certain conditions which in our opinion constitute material inadequacies in these respects. These conditions, with an indication of any corrective action which we understand has been taken or proposed by the Firm, are commented on below.

This supplementary report is being furnished for filing with the New York Stock Exchange.

COMMENTS ON CONDITIONS

Our examination as of June 30, 1968 disclosed a number of differences between the records and our physical counts. A substantial portion of these differences were subsequently cleared; however, as of August 29, 1968 approximately $29,875,000 long market value and $5,383,000 short market value were included in "Valuation of security count differences" at that date.

PLF. DEF. WIT. EX. 218 MARKED FOR ID DATE

The Firm also had securities on hand as of June 30, 1968 (which were received from Transfer Agents in the name of Francis I. duPont & Co.) having an aggregate market value of approximately $6,500,000 which as of August 28, 1968 have not been identified as to the beneficial owners.

We have been informed that approximately 75 people with no other duties have been assigned to clear the above differences. The Operations Control section, which was formed early in 1968, will continue to ensure resolution of current differences. Operations Control is also responsible for "active" box counts on a monthly basis and complete counts of all positions on a cycle basis.

The reconcilements of the cash balances per the bank statements with the related balances as shown by the books disclosed reconciling items which were not followed through to a timely conclusion.

We have been advised that the individual responsible for the reconciliation of the bank accounts has been relieved of his duties and two new personnel assigned who will review the reconciliations to ensure prompt clearance of reconciling items. We have also been informed that the internal audit department will conduct audits of the reconcilements.

The Firm does not have a procedure which will provide independent verification of name or address changes for customers accounts.

We have been advised that the Firm is continuing to review its procedures regarding control of name and address changes. The size of the task would undoubtedly require computerization of the operation.

Our examination disclosed that as of June 30, 1968 customers fully paid for securities had not been properly segregated. We have been informed that the Cashier's Department has been re-instructed to properly segregate securities on a timely basis.

We have also been advised that during the house counts by the Operations Control group, the amount of deficit, if any, in segregation will be determined and the securities properly segregated.

Francis I. duPont & Co. September 30, 1968

The Firm's monthly computation of net capital under Rule 325 (Capital Requirements) of the New York Stock Exchange did not include the following adjustments:

a) stock dividend receivable non-current amounts, debit item

b) market valuation of short security positions in unsecured accounts, debit item

Exclusive of the items above, we believe the Firm's procedures for computing net capital are satisfactory and in accordance with Rule 325.

We have been informed by the Firm that beginning with the month of August, the items mentioned above have been included in the computation of net capital.

Yours truly,

Haskins & Sells

Pl. Ex. 225, pp. 542a-566a
542a

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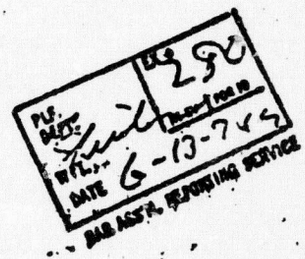
F. I. duPONT, GLORE FORGAN & CO.

ANSWERS TO FINANCIAL QUESTIONNAIRE
AND SUPPLEMENTARY SCHEDULES
AS OF APRIL 30, 1971
AND OPINION OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

* * * * * * * * * * * * * * * * *



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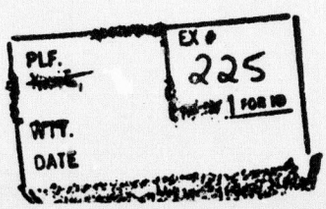

The attached contains all but the details of Supplementary

Schedules Part II - details are available in our files.

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

F. I. duPont, Glore Forgan & Co.:

We have examined the Answers to Financial Questionnaire (Part I) and Supplementary Schedules (Part II), except for the answers to Item (a) (ii) and Item (b) of Part II, of F. I. duPont, Glore Forgan & Co. (a partnership) as of April 30, 1971. Our examination was made in accordance with generally accepted auditing standards, and, except that the examination was not performed on a "surprise" basis and confirmation replies were not received with respect to a significant number of partners and subordinated lenders accounts (see Note 4), with the auditing requirements prescribed by the New York Stock Exchange; accordingly, it included a review of the accounting system, internal accounting control, and procedures for safeguarding securities and, to the extent we considered necessary in the circumstances, tests thereof for the period since the date of our last examination, tests of the accounting records, and other auditing procedures.

In our opinion, subject to the effect of any adjustments which may be required as a result of:

(1) the resolution of securities differences, customer accounts in deficit, receivable items in dividend accounts and in suspense accounts and the related adjustments of the reserves provided therefor, as explained in Note 2;

(2) the ultimate outcome of lawsuits pending and threatened, as explained in Note 3, and;

(3) possible disputes regarding the balances in general and limited partners accounts and in accounts of subordinated lenders for which confirmation replies have not been received (see Note 4);

the accompanying Answers to Financial Questionnaire (Part I) present fairly, in the form required by the New York Stock Exchange, except the response to Question 6A explained in Note 5, the financial position of F. I. duPont, Glore Forgan & Co. at April 30, 1971 in conformity with generally accepted accounting principles applied

on a basis consistent with that of the preceding year, and, except for the answers to Item (a) (ii) and Item (b) as to which we do not express any opinion, the Supplementary Schedules (Part II), when considered in relation to the Answers to Financial Questionnaire, present fairly in all material respects the information shown therein.

Except for the answer to Item (I), as to which we do not express any opinion, our examination also comprehended the Schedule of Information Required by the New York Stock Exchange for Computation of Net Capital Under Rule 325 (Part III), and, in our opinion, this Schedule, when considered in relation to the Answers to Financial Questionnaire, presents fairly in all material respects the required information.

Haskins & Sells

August 20, 1971

P. I. duPONT, GLORE FORGAN & CO.

ANSWERS TO FINANCIAL QUESTIONNAIRE (PART I)
AS OF APRIL 30, 1971

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
1. BANK BALANCES AND OTHER DEPOSITS.						
Cash on hand	$ 71,949.81					
Cash on deposit:						
Subject to immediate withdrawal	13,068,384.37					
Segregated under the Commodity Exchange Act	3,139,779.28					
Contributions to clearing organizations incident to membership:						
Cash	563,000.00					
Exempted securities				$ 878,750		
Deposits as margin on future commodity contracts or segregated under the Commodity Exchange Act:						
Regulated accounts:						
Cash	334,196.50					
Exempted securities				2,864,050		
Non-regulated accounts:						
Cash	311,450.00					
Exempted securities				1,356,200		
Deposits as guaranty on future commodities contracts:						
Cash	72,500.00					
Chicago Board of Trade Clearing Corporation stock (19 shares, allowed value, $74,100)	67,920.00					
Settlement balances with commodity clearing organizations:						
Regulated accounts	21,933.50					
Non-regulated accounts		$ 58,850.93				
2. MONEY BORROWED, AND ACCOUNTS CARRIED FOR RESPONDENT BY OTHER BANKING OR BROKERAGE HOUSES, SECURED BY OR CONTAINING CUSTOMERS' COLLATERAL.						
A. Money borrowed:						
1. From banks, trust companies and other financial institutions:						
b. Secured by non-exempted securities		84,554,500.00		107,774,974		
B. Accounts carried for Respondent by other banking or brokerage houses, including omnibus accounts and securities held in custody:						
1. Securities accounts:						
a. Accounts with net debit balances:						
2. Other	1,196,688.50		$ 1,997,255	29,449		
b. Accounts with net credit balances		530,202.75	5,325	1,384,661		
c. Accounts with zero balances			1,053,782	1,742,500		
d. Securities held in custody				15,166,224		
2. Commodities accounts:						
a. Regulated commodities futures accounts:						
ii. Accounts liquidating to a deficit	40,092.30				$ 174.00	$ 23.40
b. Non-regulated commodities futures accounts:						
i. Accounts liquidating to an equity	764.40					3.92
ii. Accounts liquidating to a deficit	29,836.96				4,038.75	
iii. Unsecured	100,254.92					
FORWARD	$ 18,968,540.54	$ 85,143,553.68	$ 3,056,362	$130,696,808	$ 4,212.75	$ 27.32

(Continued)

546a

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF APRIL 30, 1971

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$ 10,968,540.54	$ 85,143,553.68	$ 3,056,362	$130,696,800	$ 4,212.75	$ 27,32
3. MONEY BORROWED, AND ACCOUNTS CARRIED FOR RESPONDENT BY OTHER BANKING AND BROKERAGE HOUSES, UNSECURED, OR SECURED ENTIRELY BY COLLATERAL OWNED BY RESPONDENT AND ITS PARTNERS OR ITS OFFICERS AND DIRECTORS, OR BY SECURITIES COVERED BY "SATISFACTORY SUBORDINATION AGREEMENTS".						
A. Money borrowed:						
1. From banks, trust companies and other financial institutions:						
a. Unsecured		19,767,913.63				
b. Other		38,600,000.00		39,330,000		
4. OTHER OPEN ITEMS WITH BROKERS AND DEALERS.						
A. Securities borrowed:						
1. Against securities pledged as collateral:						
Exempted securities borrowed against exempted securities			13,483,000			
Exempted securities pledged - Firm securities				13,850,000		
2. Other	12,816,281.00		12,539,973			
B. Securities failed to deliver	23,402,501.56		22,259,445			
C. Securities loaned:						
2. Other:						
Customers' securities		37,832,410.86		40,528,095		
Respondent's securities		90,000.00		89,800		
D. Securities failed to receive:						
1. For customers		28,792,522.15		28,331,675		
Note: Security transactions outstanding 30 days or longer:						
Securities failed to deliver:						
Ledger debit balances:						
Outstanding 30 through 39 calendar days... $ 924,868						
Outstanding 40 through 49 calendar days... 561,317						
Outstanding 50 through 59 calendar days... 575,236						
Outstanding 60 calendar days or more... 455,102						
Long security valuations 2,436,197						
Securities failed to receive:						
Ledger credit balances 2,154,847						
Short security valuations 2,104,901						
E. Fail liquidation accounts	548,901.98		649,715	100,813		
5. VALUATIONS OF SECURITIES AND SPOT (CASH) COMMODITIES IN BOX, TRANSFER AND TRANSIT.						
A. Securities in box, transfer and in transit between offices of Respondent:						
1. Negotiable				106,180,302		
2. Securities held pending receipt of stock powers or other trust legal documents				4,139,487		
FORWARD	$ 55,736,225.08	$210,226,400.32	$ 51,988,495	$363,254,980	$ 4,212.75	$ 27,32

(Continued)

547a

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF APRIL 30, 1971

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$ 55,736,225.08	$210,226,400.32	$ 51,988,495	$363,254,980	$ 4,212.75	$ 27,22
6. CUSTOMERS' SECURITY ACCOUNTS.						
A. Cash accounts (i.e., accounts having unsettled money balances and positions in securities that are governed by section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System) (Notes 5 and 9):						
1. Accounts with debit balances	26,380,220.70		31,533,244	2,976,329		
2. Accounts with credit balances		9,867,300.12	3,759,222	10,965,187		
B. Secured accounts:						
1. Accounts with debit balances	159,682,488.24		222,600,300	4,060,160		
2. Accounts with credit balances		14,072,674.67	4,154,494	13,841,563		
C. Partly secured accounts (Note 5):						
1. Margin accounts:						
a. Accounts with debit balances	1,394,997.66		1,030,803	300,042		
b. Accounts with credit balances		149,225.95	107,221	605,326		
2. Cash accounts - accounts governed by Regulation T which liquidated to a deficit as of April 30, 1971 which contained open transactions which had not cleared by July 16, 1971:						
a. Accounts with debit balances	5,537,271.84		3,697,337	2,663,196		
b. Accounts with credit balances		1,292,221.61	697,929	4,029,660		
D. Unsecured accounts:						
1. Since collected	453,687.96			1,017,230		
2. Other	5,440,297.77			5,216,004		
E. Accounts with credit balances having open contractual commitments		790,102.77				
F. Accounts with free credit balances		45,373,299.12				
G. Fully paid securities not segregated (Note 9):						
Failed to receive from brokers			10,491,558			
Short in dividend accounts			1,692,842			
Short in omnibus accounts			731,359			
Short in trading and investment accounts of Respondent pending completion of open transactions (current items)			1,478,906			
Short in customers' accounts pending completion of open transactions			9,089,004			
Pledged in error (since corrected)			2,838,770			
Loaned in error (since corrected)			3,030,166			
Short in difference accounts			6,109,342			
Pending insurance claims			940,890			
Summons			673,093			
7. CUSTOMERS' COMMODITY ACCOUNTS.						
A. Accounts with open future contracts liquidating to an equity:						
1. Regulated commodities	61,662.72	5,037,548.98			1,304,917.50	563,57
2. Non-regulated commodities	44,223.57	2,056,515.19			549,680.71	189,14
B. Accounts with open future contracts liquidating to a deficit:						
1. Regulated commodities	66,519.63	140,212.60			185,679.75	
2. Non-regulated commodities	47,147.23	50,156.60			55,064.54	4,31
D. Unsecured debit balances:						
1. Since collected	56,222.69					
2. Other	216,150.95					
E. Accounts with free credit balances:						
1. Regulated		1,071,625.83				
2. Non-regulated		673,991.61				
FORWARD	$255,117,116.04	$290,801,275.37	$356,644,975	$408,929,877	$2,098,555.25	$ 778,37

(Continued)

548a

F. ... duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF APRIL 30, 1971

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY ... LOSSES	COMMODITY ... GAINS
FORWARD	$255,117,116.04	$290,801,275.37	$356,644,975	$408,929,677	$2,098,555.25	$ 778,375.
9. GENERAL PARTNERS' INDIVIDUAL ACCOUNTS.						
b. All other individual accounts of general partners:						
1. Security accounts:						
a. Cash accounts:						
2. Accounts with credit balances		4,144.69		15,724		
b. Secured accounts:						
1. Accounts with debit balances	21,551.25		28,044			
c. Unsecured accounts	1,184.48			10		
f. Accounts with free credit balances		1,546.14				
10. TRADING AND INVESTMENT ACCOUNTS OF RESPONDENT (Notes 5 and 6).						
A. Securities accounts - ledger balances	64,345,218.79					
1. Exempted securities:						
b. Deposited as margin on regulated future commodities contracts or segregated under the Commodity Exchange Act			2,864,050			
c. Deposited as margin on non-regulated future commodities contracts			1,356,200			
d. Deposited as contribution to clearing organizations incident to membership			878,750			
e. United States Government Securities			44,075,082	4,094,092		
f. Other exempted securities			6,399,799	594,225		
2. Non-exempted securities:						
a. Other non-exempted securities			16,549,682	3,190,027		
B. Error accounts		79,079.00				
1. Exempted securities			21,500	48,850		
2. Non-exempted securities			877,782	929,511		
11. CAPITAL ACCOUNTS.						
b. Partnership capital (Notes 1 and 4):						
1. Capital accounts of general partners:						
c. Non-exempted securities			224,000			
2. Capital accounts of special or limited partners:						
a. Ledger balances		17,377,734.76				
c. Non-exempted securities			192			
3. Undistributed profit and loss accounts, including balances remaining in income and expense accounts (Note 2)	33,208,954.43					
4. Unsecured demand notes of limited partners contributed as capital in lieu of cash	229,125.00					
12. SUBORDINATED ACCOUNTS (Notes 1 and 4).						
A. Subordinated accounts - borrowings by Respondent unconditionally subordinated to all claims of general creditors pursuant to written agreements:						
2. Accounts with credit balances		15,414,548.22				
a. Exempted securities			10,811,900			
b. Non-exempted securities			2,197,470			
FORWARD	$352,023,149.99	$323,678,328.18	$442,929,426	$417,802,116	$2,098,555.25	$ 778,375

549a

(Continued)

F. ... [illegible], ULLAR, PURCAR & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF APRIL 30, 1971

QUESTION NO. AND TITLE OF ACCOUNT	LEDGER BALANCES DEBIT	LEDGER BALANCES CREDIT	SECURITY VALUATIONS LONG	SECURITY VALUATIONS SHORT, ETC.	COMMODITY CONTRACTS LOSSES	COMMODITY CONTRACTS GAINS
FORWARD	$352,823,149.99	$323,678,328.18	$442,929,426	$417,802,116	$2,098,555.25	$ 778,375.
13. OTHER ACCOUNTS, ETC.						
Exchange memberships owned by Respondent (market value, $3,057,525.00)	2,359,999.13					
Furniture, fixtures and leasehold improvements (depreciated value)	4,267,417.66					
Dividends and interest receivable:						
1. Current items (less than 30 days of age)	323,092.55			136,887		
2. Other	5,106,900.90			5,499,161		
Subscription and exchange account (fully exchangeable items)	126,513.59		3,268,634	2,824,326		
Accrued interest receivable:						
Fully margined customers' accounts	204,070.03					
Trading and investment accounts of Respondent:						
1. U. S. Government obligations	471,994.53					
2. Other	223,763.00					
Commissions receivable from customers:						
Future commodity accounts	137,853.54					
Fully margined or cash security accounts	1,751,448.34					
Commissions receivable from others (less than 30 days old)	2,818.26					
Investments in affiliates (at equity) (Note 10)	4,142,428.74					
Receivable from affiliates	1,164,241.87					
Miscellaneous accounts receivable	1,407,949.68					
Prepaid expenses and deferred charges	619,067.22					
Free shipments to banks, brokers, and dealers (less than 30 days old, $10,936.54)	12,440.42					
Accounts, advances, and notes receivable from employees	90,539.00					
Suspense accounts	3,387,669.66	1,274,593.25	2,085,361	3,461,657		
Commissions payable		378,959.51				
Unclaimed dividends and interest payable		2,601,174.26	2,986,471			
Federal dividend taxes withheld at source		13,127.38				
Social security, withholding, and other payroll taxes payable		157,217.99				
Accrued compensation		3,219,421.75				
Accrued interest payable (firm securities)		75,662.22				
Accrued interest payable (bank loans)		369,534.91				
Accrued state and city taxes payable		77,865.69				
Pending insurance claims (current items, $1,765,000 per N. F. circular 276) (Note 3)						
Miscellaneous accounts payable (including other accrued expenses)	90,869.00	7,631,278.02	8,884	3,496,194		
Valuation of security cost differences			11,734,171	29,046,811		
Commodity "difference" accounts:						
Regulated accounts	903,795.75					903,795.7
Non-regulated accounts	416,383.90					416,383.9
Cashum accounts:						
Store Steets Corporation	1,082,015.00		111,391	589,475		
Hirsch & Co. - (since collated $125,000)	371,078.22		62,134	315,157		
Reserves for securities differences, customers' accounts in deficit and receivable items in dividend and suspense accounts, etc. (Note 2):						
Reserve for ledger debit balances		10,000,000.00				
Reserve for short securities positions		32,000,000.00				
Receivable from mutual funds (less than 30 days old, $246,053.17)	259,259.72					
Receivable on bond redemptions (less than 30 days old)	250,000.00					
Receivable from brokers, banks, etc.	421,676.23					
Receivable from brokers in liquidation	30,353.13		7,200	21,838		
Payable to brokers, banks, etc.		5,575.00				
Payable to affiliates		89,905.26				
Deposit with Hartford Accident & Indemnity Co. on April 27, 1971 as surety, subsequently returned May 27, 1971	1,000,000.00					
Payable for computer services (Note 3)		1,804,145.62				
TOTAL	$383,456,789.06	$383,456,789.06	$463,193,677	$463,193,627	$2,098,555.25	$2,098,555.25

(Continued) - 5.

550a

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AETNA [illegible] FINANCIAL [illegible], ETC.
AS OF APRIL 30, 1971

QUESTION
K.

14. CONTRACTUAL COMMITMENTS THAT ARE NOT RECORDED IN A LEDGER ACCOUNT FOR MONEY.

	Rating	Quantity Bought	Quantity Sold	Total Cost	Total Proceeds	Position Long (Short)	Approximate Market Valuation Price	Approximate Market Valuation Long (Short)	Unrealized Profit (Loss)	See Note
A. For account of Respondent:										
1. Excepted when-issued contracts:										
a. U. S. Government obligations, etc.:										
Federal National Mortgage Association 6.15%, due 12/10/74		$11,700,000	$11,675,000	$11,689,063	$11,664,841	$ 25,000	100	$ 25,000	$ 20,578	(2)
Offsetting purchase and sale contracts resulting in an unrealized profit in each security		12,445,000	12,445,000	12,451,766	12,467,297				15,531	
Offsetting purchase and sale contracts resulting in an unrealized loss in each security		2,500,000	2,500,000	2,494,609	2,494,062				(547)	
b. Other:										
Burlington, Massachusetts, General Obligation:										
6.10%, 11/1/83	A	20,000	15,000	19,925	15,000	5,000	100	5,000	75	(5)
6.20%, 11/1/83	A		5,000		5,045	(5,000)	100.89	(5,045)		
Dade County, Florida, 7-3/8% Dade County Port Authority Special Revenue Bonds, due 1/1/93	BA	1,575,000	1,560,000	1,547,438	1,560,000	15,000	100	15,000	27,562	(10)
City of Inglewood-Los Angeles County Civic Center Authority, California:										
5.90%, 2/1/95		20,000	30,000	19,840	30,210	(10,000)	96	(9,600)	770	
4%, 2/1/2002		75,000	70,000	73,875	70,490	5,000	97	4,850	1,465	(10)
Lansdale, Pennsylvania, General Obligation:										
4%, 5/1/89	A	120,000	160,000	98,274	132,340	(40,000)	83.04	(33,216)	1,050	
4%, 5/1/90	A	100,000	60,000	81,501	49,550	40,000	82.46	32,984	1,033	(5)
Live Oak, Florida, Industrial Revenue Bonds:										
7.30%, 7/1/86			10,000		9,996	(10,000)	99.96	(9,996)		
7.60%, 7/1/87			20,000		20,274	(20,000)	101.37	(20,274)		
City of New York, New York:										
5.60%, 10/1/75	BAA	10,000		10,105		10,000	101.55	10,155	50	(3)
6.60%, 10/1/75	BAA	15,000		15,789		15,000	105.76	15,864	75	(3)
7%, 10/1/88	BAA	100,000	85,000	98,990	85,000	15,000	99.99	14,999	1,009	(10)
7%, 10/1/95	BAA	25,000	15,000	24,340	14,738	10,000	98.60	9,860	258	(10)
City of Philadelphia, Pennsylvania, General Obligation Bonds:										
7%, 7/1/83	BAA	75,000	70,000	74,063	70,000	5,000	103.30	5,165	1,102	(10)
7.40%, 7/1/87	BAA	250,000	240,000	246,875	240,000	10,000	102.85	10,285	3,410	(10)
San Diego Planetarium Authority, San Diego, California, San Diego Planetarium Revenue Bonds:										
5.20%, 11/1/83		50,000	10,000	49,750	10,000	40,000	99	39,600	(150)	(10)
5.80%, 11/1/87		50,000	15,000	49,750	15,000	35,000	99	34,650	(100)	(10)
Santa Clara County Building Authority, Santa Clara County, California, 1967 Bonds, Series B:										
5.90%, 7/1/89	BAA	120,000	145,000	118,200	145,000	(25,000)	100	(25,000)	1,800	
6%, 7/1/93	BAA	100,000	65,000	97,300	64,637	35,000	98.78	34,573	1,910	(10)
Offsetting purchase and sale contracts resulting in an unrealized profit in each security		5,235,000	5,235,000	5,258,683	5,300,640				41,957	
Total		$34,585,000	$34,430,000	$34,520,136	$34,484,120	$155,000		$154,854	$112,838	

(Continued) - 6.

551a

QUESTION NO.			Quantity Bought	Quantity Sold	Total Cost	Total Proceeds	Position Long (Short)	Price	Approximate Market Valuation Long (Short)	Unrealized Profit (Loss)	See Note
14.	CONTRACTUAL COMMITMENTS THAT ARE NOT RECORDED IN A LEDGER ACCOUNT FOR MONEY - (Continued).										
	A. For account of Respondent - (Continued):										
	2. Non-exempted when-issued contracts:										
	Sutro Mortgage Investment Trust 6-3/4%, 4/15/91		$ 125,000	$ 75,000	$ 116,125	$ 71,719	$ 50,000	90	$ 45,000	$ 585	(30)
	Offsetting purchase and sale contracts resulting in an unrealized loss in each security		500	500	12,150	12,100				(50)	
	Total				$ 128,275	$ 83,810			$ 45,000	$ 535	

	Rating	Net Long Position	Ledger Debit Balance	Approximate Market Valuation	Unrealized Profit (Loss)	Related Good-Faith Deposit	See Note
3. Underwriting commitments:							
a. Exempted securities:							
Trenton, New Jersey, New Housing Authority 5-1/2% (various maturities).	AAA	$70,000	$68,782	$69,650	$868		(5)

NOTE: Figures represent percentages to be used in determining the charge against capital in accordance with Rule 325 (Capital Requirements) of the New York Stock Exchange.

16. UNRECORDED ASSETS, LIABILITIES AND ACCOUNTABILITIES.
A. See Note 3.

(Continued) - 7.

552a

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF APRIL 30, 1971

NOTES:

1. On March 17, 1971, agreements, as amended May 10, May 14 and July 6, 1971, were entered into by and among F. I. duPont, Glore Forgan & Co., a New York limited partnership (the "Firm"), PHMFG Corporation, a corporation organized under the laws of the District of Columbia, and its successor, PHM & Co., a Texas limited partnership (collectively called "PHM"), each of the General Partners and each of the Limited Partners of the Firm, most of the Subordinated Creditors of the Firm and most of the Pledgors (collectively called "Parties in Interest") which provided, among other things, for the following:

   (1) A corporation (the "Corporation") to be formed to acquire, as of the close of business on April 30, 1971, as a going concern the business previously conducted by the Firm.

   (2) PHM to furnish such capital to the Corporation as is necessary to meet the net capital requirements provided by Rule 325 of the New York Stock Exchange, and to receive substantially all of the Corporation's common stock.

   (3) The Corporation to acquire all of the Firm's assets (as defined), to assume the Firm's liabilities (as defined) and issue securities of the Corporation to the Firm for the benefit of the Parties in Interest for "net value of transfer" (as defined) of the Firm as determined by an examination performed by independent certified public accountants as of April 30, 1971.

   (4) An acquisition settlement period of no more than three years, during which time the amount of the Corporation's securities issued to the Firm is to be adjusted for subsequent happenings which effect the "net value of transfer". During such period, the securities issued to the Firm by the Corporation are to be held by an escrow agent.

   In a related agreement, the New York Stock Exchange agreed to indemnify PHM for the amount, if any, by which the "adjusted net value of transfer" (as therein defined) is a negative amount. Such indemnity is not to exceed $15,000,000 and is effective after PHM invests a total of $40,000,000 in the Corporation.

   The above answers to financial questionnaire of the Firm do not give effect to the acquisition of the assets, assumption of liabilities, the issuance of securities by the Corporation for the capital provided and for the "net value of transfer", and certain other transactions, which were provided for in the aforementioned agreements.

2. Reserves in the amount of $42,000,000 have been provided for possible losses in connection with securities differences, customer accounts in deficit and receivable items in dividend and suspense accounts. The actual amounts of the losses for

(Continued) - 8.

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF APRIL 30, 1971

NOTES - (Continued):
which the reserves have been provided are not determinable until research efforts with respect to approximately $29,000,000 of short securities differences, $26,000,000 of deficits in customer accounts, and receivable items of $11,000,000 in dividend accounts and $20,000,000 in suspense accounts have been completed. Any excess or deficiency of such reserves as subsequently determined during the acquisition settlement period is to be applied as an adjustment to the amount of securities as initially issued based upon the determination of the "net value of transfer" of the Firm as of April 30, 1971 (see Note 1). All costs and expenses relating to the research and realization of the above-mentioned items during the acquisition settlement period are also to be charged as an adjustment to the amount of such securities issued.

3. There are lawsuits pending and additional lawsuits have been threatened, the ultimate outcome of which is not presently determinable. No provision has been made in the accompanying answers to financial questionnaire for losses and/or expenses which may arise in connection with such lawsuits.

The Corporation has a number of lease commitments. The aggregate annual rental approximates $5,836,000.

The Firm has an agreement with Electronic Data Systems Corporation providing for electronic data processing services and supplies to July 31, 1978. The minimum annual payments required under the agreement aggregate $9,600,000.

The Firm had a liability at April 30, 1971 for drafts deposited for immediate credit in the aggregate amount of $1,552,287.31.

The Firm records lost stock certificates, which had been mailed to customers, upon receipt of the following proof of loss:

(1) An affidavit of non-receipt from the customer.

(2) A notice of "stop transfer" from the transfer agent.

As of April 30, 1971, there were lost stock certificates having a value of approximately $650,000 which had not been recorded because either the notice of "stop transfer" or affidavit of non-receipt had not been received. In addition, there were lost stock certificates having a value of approximately $540,000 which had not been recorded because, although a letter had been received from a customer indicating non-receipt of the securities, neither a notice of "stop transfer" nor an affidavit of non-receipt had been received.

4. Losses, including provisions for reserves as explained in Note 2 above, have eliminated substantially all of the predecessor partnership's capital and subordinated borrowings. Replies to audit confirmation requests have not been received with respect to the accounts of 71 general partners, 25 limited partners and 5 subordinated lenders.

5. The answer to Question 6A includes all accounts designated as cash accounts by the Respondent other than accounts explained in the following paragraph, accounts combined and reported in

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF APRIL 30, 1971

NOTES - (Continued):

accordance with General Instruction B-6, unsecured accounts, accounts with credit balances having open contractual commitments, and accounts with free credit balances, which are included elsewhere in the answers to Question 6. A valuation reserve has been provided for accounts considered doubtful of collection; such reserve is included in the answers to Question 13.

In accordance with a letter received from the New York Stock Exchange dated July 23, 1971; as supplemented by a meeting held at the New York Stock Exchange on July 27, 1971, cash accounts governed by section 4(C) of Regulation T of the Board of Governors of the Federal Reserve System which arithmetically liquidated to a deficit as of April 30, 1971, after application of collections for the period May 1, 1971 to July 16, 1971, were reclassified from Question 6A to 6C.

Answers to Questions 6C and 10 include security valuations of approximately $478,000 and $460,000, respectively, representing fair value as determined by the Firm.

6. The valuation of security positions in trading and investment accounts of the Firm include 100,000 shares of Electronic Data Systems Corporation common stock having an aggregate market value of $6,100,000 which were unregistered as of April 30, 1971. The shares were registered on May 14, 1971 and sold for $6,100,000 on May 17, 1971. Such securities have been included as readily marketable in the foregoing answers to financial questionnaire.

7. In connection with its acquisition of the assets of Hirsch & Co. on July 2, 1970, the Firm agreed to pay to each of three former principals of Hirsch $25,000 per year for life. No provision has been made in the foregoing answers to financial questionnaire for this commitment.

8. The term "exempted securities" has been used herein to designate securities exempt from registration under Securities Exchange Act of 1934, otherwise than by action of the Securities and Exchange Commission.

9. The valuations of customers' securities in segregation or safekeeping have not been included in the foregoing answers. The Respondent follows the practice of automatically recording segregation instructions for all securities purchased in cash accounts whether or not such purchases have been "paid for". As a result, since the market valuations of securities long in cash accounts (Question 6A) does not include the value of securities for which segregation instructions have been recorded, the valuation shown may not bear a relation to the ledger balances. The segregation instructions recorded for securities which have not been "paid for" may result in excessive segregation requirements which may effect the answers to Question 6G, accounts with free securities not segregated.

10. The Firm owns all of the outstanding common stock of F. I. duPont, Glore Forgan & Co. S.A.; duPont, Glore Forgan Incorporated (name changed to Glore Staats Corporation); Francis I. duPont,

(Continued) - 10.

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF APRIL 30, 1971

NOTES - (Continued):
A.C. Allyn, Inc.; Hirsch & Co. Incorporated; Hirsch Nominees Corporation, Hirsch & Co. S.A.R.L., Hirsch & Co. G.m.b.H., Hirsch & Co. S.A. and Francis I. duPont (U.K.) Limited. Francis I. duPont, A.C. Allyn, Inc. owns all of the outstanding stock of duPont, Glore Forgan Municipals, Inc.

The net capital in excess of minimum required by the New York Stock Exchange computed in accordance with Rule 325 for Francis I. duPont, A.C. Allyn, Inc. ($238,401) and Hirsch & Co. Incorporated ($169,537) is considered as additional "net capital" of the Respondent for Rule 325 purposes per letters from the New York Stock Exchange dated June 19, 1969 and August 13, 1970, respectively.

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F. I. duPONT, GLORE FORGAN & CO.

SUPPLEMENTARY SCHEDULES (PART II)
AS OF APRIL 30, 1971

Title of Schedule	Schedule Number
Securities positions in customers' partly secured accounts...	1
Non-exempted securities positions in capital accounts.....	2
Securities positions in trading and investment accounts of Respondent:	
Exempted securities:	
Securities segregated under the Commodity Exchange Act or deposited as margin or guarantee on future commodity contracts, or with clearing organizations incident to membership.....	3
United States Government obligations, agencies and sponsored corporations.....	4
Error accounts.....	5
Other exempted securities.....	6
Non-exempted securities:	
Error accounts.....	7
Other non-exempted securities.....	8
Borrowings reflected in the answers to Part I which are unconditionally subordinated to all claims of general creditors pursuant to written agreements.....	9
Liquidating statement of future commodity accounts.....	10
Market valuations of the total long and total short future contracts in each commodity carried (exclusive of offsetting long and short positions) for customers, including bona fide "trade" accounts, and information to permit computation of the requirement of 1-1/2% provided in Rule 325 (Capital Requirements).....	11
Accounts in which a general partner of the Firm has an interest (Item (a) (ii)).....	None
Accounts carried by other brokerage houses in which a general partner has an interest (Item (b)).....	None

P. J. duPONT, CLORE JORDAN & CO.

BORROWINGS REFLECTED IN TH... TO ALL CLAIMS OF... GENERAL CREDITORS PURSUANT TO WRITTEN AGREEMENTS AS OF APRIL 30, 1971

BORROWED FROM	LENDER CREDIT BALANCE
duPont, Clore Jordan Inc. - wholly-owned subsidiary, dated July 2, 1970, expiring July 1, 1971	$ 2,116,759.58
P. J. duPont, A. C. Allyn, Inc. - wholly-owned subsidiary, dated July 3, 1970, expiring December 31, 1971	1,490,545.84
Kelly M. Allyn - parent of general partner, dated August 25, 1970, expiring August 25, 1971	234,957.78
O. Arthur Behrmann - former employee, dated January 4, 1971, expiring July 3, 1972	25,000.00
Joseph Brogan - employee, dated January 4, 1971, expiring July 3, 1977	50,000.00
Alexander J. Norman - employee, dated January 4, 1971, expiring July 3, 1972	10,000.00
P. H. W. Corporation - subordinated lender, under agreement dated December 16, 1970	20,389.04
Randolph Guggenheimer, Jr. - retired general partner, dated January 4, 1971, expiring July 3, 1972	67,000.00
Everett Hirsch - employee, dated January 4, 1971, expiring July 3, 1972	252,181.92
Clifford Hollander - employee, dated January 4, 1971, expiring July 3, 1972	10,000.00
Paul L. Kohns - retired general partner, dated January 4, 1971, expiring July 3, 1972 on or after July 2, 1971 the lender shall be entitled to withdraw from the account cash and/or securities equal to 25% of the "net capital value"	259,185.83

DESCRIPTION OF SECURITY	RATING	QUANTITY	APPROXIMATE MARKET PRICE	APPROXIMATE MARKET VALUATION
Long positions - non-exempted securities:				
Iowa Public Service		15,200	22	$ 334.40
Northern Indiana Public Service		448	.27	12.10
Total				346.50
Long positions - tempted securities:				
Banks for Cooperatives, 5.70%, due 6/1/71		$2,000,000	100	2,000.00
Federal Intermediate Credit Banks, 3.85%, due 1/3/72		8,300,000	99	8,217.00
Total				10,217.00
Long position - exempted security:				
Olean, N. Y., C.S.D., 5.40%, due 4/1/80	AA	50,000	107+	53.50
Long positions - exempted securities:				
Chicago, Ill., Tax Anticipation Wts., 3-3/4%, 5/1/72		100,000	99	99,000
Connecticut, Exp. G.O., 3-1/4%, due 1/1/76	AAA	40,000	95	38,000
Connecticut, 4.20%, due 11/1/86	AAA	50,000	90	45,000
Maryland, 3.40%, due 5/15/80	AAA	150,000	89	133,500
New Hampshire, 3-1/2%, due 2/1/78	AAA	30,000	95	28,500
New York State, 4.60%, due 2/15/85	AA	100,000	76+	76,000
Puerto Rico Wtr. Res. Auth., El. Rev., 3-1/2%, 7/1/75	A	100,000	95	95,000
San Francisco, BART, Calif., 3.40%, due 6/15/79	AA	30,000	88	26,400
Total				$ 541.50

(Continued) -

BORROWED FROM	LENDER CREDIT BALANCE	DESCRIPTION OF SECURITY	PAT-IND	QUANTITY	APPROXIMATE PRICE	APPROXIMATE VALUATION
Marshall S. Mandheim - retired general partner, dated January 4, 1971, expiring July 3, 1972..	$ 638,000.00					
United States Trust Co. of New York, Trustee for "The F. J. duPont & Co. Retirement Fund", under agreement dated July 10, 1970, repayable July 9, 1971.....	3,752,948.67					
E. Shelton Stewart, Trustee for the employee benefits, dated January 1, 1959, maturing in the calendar year in which notice is served at least six months prior to the close of such calendar year.....	1,050,000.00					
duPont, Laird Securities, Inc. - subordinated lender, dated November 3, 1969, due the 100th day following written notice by either parties provided that the expiration date shall not be earlier than September 30, 1974.....	1,006,560.10					
duPont, Laird Securities, Inc. - subordinated lender, A/C #1 Reynolds duPont, due six months upon demand.....	1,078,725.10					
duPont, Laird Securities, Inc. - subordinated lender, A/C #2 Richard duPont, due six months upon demand.....	400,007.80					
duPont, Laird Securities, Inc. - subordinated lender, A/C #3 F. Garney Thompson, due six months upon demand.....	133,742.96					
duPont, Laird Securities, Inc. - subordinated lender, A/C #4 Tatnall School Inc., due six months upon demand.....	813,370.15	Long positions - non-exempted securities:				
		Atl. Richfield Co. $3 Cv. Pfd.....		200	122	$ 24,400
		Tootsie Roll Industries.....		22	17	374
		Total.....				24,774
duPont, Laird Securities, Inc. - subordinated lender, A/C #5 Alfred duPont Dent., due six months upon demand.....	1,034,000.00					
duPont, Laird Securities, Inc. - subordinated lender, A/C #6 Frances Swan Laird, due six months upon demand.....	347,425.45					
duPont, Laird Securities, Inc. - subordinated lender, A/C #7 Clenden Land Co., due six months upon demand.....		Long position - non-exempted security:				
		Wilmington Trust Co.....		48,000	38	1,824,000
duPont, Laird Securities, Inc. - subordinated lender, A/C #8 Samuel F. duPont, due six months upon demand.....	663,750.00					
		Total exempted securities.....				10,811,00
		Total non-exempted securities.....				[illegible]
TOTAL.....	$13,414,548.22	TOTAL.....				$[illegible]

*No published market quotation is available. Approximate market price and valuation represent fair value as determined by the Respondent.

(Continued)

559a

SCHEDULE 9

F. I. duPONT, GLORE FORGAN & CO.
BORROWINGS REFLECTED IN THE ANSWERS TO PART I, ETC.
AS OF APRIL 30, 1971

SUMMARY OF MARKET VALUATIONS BY PERCENTAGE CHARGE UNDER RULE 325 (CAPITAL REQUIREMENTS) OF THE NEW YORK STOCK EXCHANGE

PERCENTAGE CHARGE	MARKET VALUATION	AMOUNT OF CHARGE
30%.....	$ 2,197,470	$659,241
4%.....	362,900	14,516
3%.....	133,000	3,990
1%.....	99,000	990
0%.....	10,217,000	
TOTAL.....	$13,009,370	$678,737

(Concluded)

SCHEDULE 1:

P. I. duPONT, GLORE FORGAN & CO.

LIQUIDATING STATEMENT OF FUTURE COMMODITY ACCOUNTS
AS OF APRIL 30, 1971

TITLE OF ACCOUNT	LEDGER BALANCES		COMMODITY CONTRACTS		LIQUIDATING	
	DEBIT	CREDIT	LOSSES	GAINS	DEFICIT	EQUITY
ACCOUNTS WITH OTHER BROKERS OR DEALERS:						
Regulated commodities liquidating to a deficit	$ 40,002.30		$ 174.00	$ 23,400.00	$ 16,776.30	
Non-regulated commodities:						
Accounts liquidating to an equity	764.40			3,929.00		$ 3,164.60
Accounts liquidating to a deficit	29,836.96		4,038.75		33,875.71	
Accounts with unsecured debit balances	100,254.92				100,254.92	
CUSTOMERS' ACCOUNTS:						
Regulated commodities:						
Accounts liquidating to an equity	61,662.72	$5,037,548.98	1,304,917.50	563,575.50		4,234,544.26
Accounts liquidating to a deficit	66,519.63	140,212.60	185,679.75		111,986.78	
Accounts with free credit balances		1,071,625.83				1,071,625.83
Non-regulated commodities:						
Accounts liquidating to an equity	44,223.57	2,056,515.19	548,680.71	183,160.96		1,646,771.87
Accounts liquidating to a deficit	47,147.23	50,156.60	55,064.54	4,310.14	47,745.03	
Accounts with free credit balances		673,991.61				673,991.61
Accounts with unsecured debit balances	272,373.64				272,373.64	
"DIFFERENCE" ACCOUNTS WITH CLEARING ORGANIZATIONS:						
Regulated accounts	903,795.75			903,795.75		
Non-regulated accounts	416,383.90			416,383.90		
TOTAL	$1,982,965.02	$9,030,050.81	$2,098,555.25	$2,098,555.25	$583,012.38	$7,630,098.17

SCHEDULE 11

F. I. duPONT, GLORE FORGAN & CO.

MARKET VALUATIONS OF THE TOTAL LONG AND TOTAL SHORT FUTURE CONTRACTS IN EACH COMMODITY CARRIED (EXCLUSIVE OF OFFSETTING LONG AND SHORT POSITIONS) FOR CUSTOMERS, INCLUDING BONA FIDE "TRADE" ACCOUNTS, AND INFORMATION TO PERMIT COMPUTATION OF THE REQUIREMENT OF 1-1/2% PROVIDED IN RULE 325 (CAPITAL REQUIREMENTS) AS OF APRIL 30, 1971

COMMODITY	TOTAL MARKET VALUE OF ALL FUTURE ....COMMODITY CONTRACTS..... LONG	SHORT	TOTAL MARKET VALUE OF "LONGS" OR "SHORTS" WHICHEVER IS GREATER
Cattle	$ 1,554,017.50	$1,697,740.00	$ 1,697,740.00
Cocoa	1,666,536.00	619,460.00	1,666,536.00
Copper	1,004,987.50	392,825.00	1,004,987.50
Corn	5,796,275.00	2,039,675.00	5,796,275.00
Cotton	8,128,060.00	9,837,505.00	9,837,505.00
Eggs	719,460.00	712,593.00	719,460.00
Flaxseed	94,072.50	50,700.00	94,072.50
Frozen concentrate orange juice	1,017,330.00	843,465.00	1,017,330.00
Grease wool	18,300.00		18,300.00
Iced broilers	588,075.00	110,375.00	588,075.00
Live hogs	684,472.50	1,191,112.50	1,191,112.50
Lumber	236,106.00	97,650.00	236,106.00
Oats	147,412.50	103,956.25	147,412.50
Platinum	403,950.00	5,300.00	403,950.00
Plywood	729,550.52	497,260.36	729,550.52
Pork bellies	4,552,389.00	4,326,282.00	4,552,389.00
Potatoes	103,050.00	1,777,550.00	1,777,550.00
Propane gas	14,550.00		14,550.00
Rape seed		202,286.25	202,286.25
Silver	10,220,890.00	1,013,660.00	10,220,890.00
Silver coin	309,350.00		309,350.00
Soy beans	5,826,556.25	5,689,556.25	5,826,556.25
Soy bean meal	1,217,435.00	376,710.00	1,217,435.00
Soy bean oil	657,456.00	1,275,618.00	1,275,618.00
Sugar	1,360,732.80	221,256.00	1,360,732.80
Swiss francs		46,890.00	46,890.00
Wheat	2,244,556.25	577,118.75	2,244,556.25
TOTAL			$54,197,216.07
1-1/2% OF TOTAL			$ 812,958.24

F. I. duPONT, GLORE FORGA & CO.

ANSWERS TO FINANCIAL QUESTIONNAIRE AS OF APRIL 30, 1971
(PART III, SUPPLEMENTARY INFORMATION REQUIRED BY
THE NEW YORK STOCK EXCHANGE FOR COMPUTATION OF
NET CAPITAL UNDER RULE 325 (CAPITAL REQUIREMENTS))

(A) Revised amounts in customers' accounts reported in answer to Question 6(c) after application of current outstanding margin calls:

	Ledger Balance		Approximate Market Valuation		Amount Of Charge
	Debit	Credit	Long	Short	
Customers' partly secured accounts reported in Schedule 1 of Part II....	$1,394,998	$149,226	$1,138,024	$905,368	$370,280
Deduct - Accounts becoming fully secured after application of current outstanding margin calls.....	52,670	5,890	62,328	37,050	18,698
Revised amount of customers' partly secured accounts....	$1,342,328	$143,336	$1,075,696	$868,318	$351,582

Revised amounts in customers' accounts reported in answer to Question 7(b) after application of current outstanding margin calls and excess equities in related accounts:

Regulated accounts:

Liquidating deficits reported in Schedule 11 of Part II.....	$111,986.78
Deduct - Current outstanding margin calls and excess equities in related accounts.....	111,986.78
Revised amount of liquidating deficit.....	-

Non-regulated accounts:

Liquidating deficits reported in Schedule 11 of Part II.....	$ 47,745.03
Deduct - Current outstanding margin calls and excess equities in related accounts.....	46,395.63
Revised amount of liquidating deficit.....	$ 1,349.40

(B) Cash required after application of current outstanding calls for margin or other deposits:

(2) To provide margin in customers' security accounts in accordance with the maintenance requirements of Rule 431 (Margins) after application of "when-issued" and other open contractual commitments, exclusive of bona fide cash accounts, joint accounts in which the Respondent has an interest, and accounts in deficit..... $635,986.00

(5) To provide margin in customers' commodity accounts equal to the standards set in Rule 325 (Capital Requirements) exclusive of liquidating deficits..... $151,561.00

(6) To provide, in accordance with Rule 325, an amount equal to the total of credit lines granted on open commodity contracts in "trade" accounts..... $ 9,809.10

F. I. duPONT, GLORE FORGAN & CO.
ANSWERS TO FINANCIAL QUESTIONNAIRE, ETC.
AS OF APRIL 30, 1971

(I) Financial obligations of partners:
(1) Borrowings of cash included in amount reported in answer to Question 11(B)(2) - see Schedule A.
(2) Borrowings of $20,000 or more not included in the answer to Question 11(B) - see Schedule B.

(L) In accordance with the provisions of Rule 325 (Capital Requirements) the Respondent desires that, where indicated, the market valuations of the securities shown in the answers to Question 14, Part I, and in the schedules of Part II be included in capital on a basis better than 70% thereof.

(O) Confirmations were not requested as to thirty four accounts of customers who were traveling and four hundred eighty two customers' accounts in litigation. All mail for customers who were traveling is being retained by the Respondent in accordance with Rule 409 of the New York Stock Exchange.

SCHEDULE A

P. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF APRIL 30, 1971

BORROWINGS OF CASH INCLUDED IN THE ANSWER TO QUESTION 11(B)(2):

BORROWER	LENDER	AMOUNT OF MONEY — DETAIL	AMOUNT OF MONEY — TOTAL	DATE OF EXPIRATION
John M. Brewer	Maine National Bank		$ 25,000.00	September 1, 1971
Joseph S. Casey	F. I. duPont, Glore Forgan & Co.		24,000.00	B
Carlton M. Collins	F. I. duPont, Glore Forgan & Co.		5,000.00	B
Philip W. Davis	F. I. duPont, Glore Forgan & Co.		20,000.00	*
Foster Devereux	Marine Midland Trust Co.		25,000.00	*
A. Rhett duPont	Francis I. duPont, III	$173,026.57	371,574.86	*
	Thomas Murrell duPont	198,548.29	13,900.00	December 29, 1971
Joseph R. Dugan	Harris Trust & Savings		6,000.00	August 3, 1971
James J. Dunseich	Morgan Guaranty Trust Co.			*
Robert C. Dunwoody	First National Bank of Boston	10,000.00	25,000.00	A
	F. I. duPont, Glore Forgan & Co.	15,000.00		July 6, 1971
George W. Elwell	National Newark & Essex	18,750.00	21,875.00	December 31, 1971
	F. I. duPont, Glore Forgan & Co.	3,125.00		April 2, 1973
Howard B. Eskin	Chemical Bank	10,000.00	25,000.00	Demand
	F. I. duPont, Glore Forgan & Co.	15,000.00		*
Donald Ferinella	First National City Bank	6,000.00	7,500.00	Demand
	F. I. duPont, Glore Forgan & Co.	1,500.00	15,000.00	B
Thomas F. Flanagan	F. I. duPont, Glore Forgan & Co.		25,000.00	Demand
Thomas Franges	Catherine Davidovitch		5,000.00	B
Gordon D. Gaster	F. I. duPont, Glore Forgan & Co.		20,000.00	January 1, 1972
Bill Gardner	United Bank of Lakewood		25,000.00	March 31, 1972
R. Wayne Homans	Chase Manhattan Bank		20,650.00	December 31, 1971
Duncan G. Jensby	Harris Trust & Savings		15,000.00	B
John W. Large	F. I. duPont, Glore Forgan & Co.			January 25, 1972
Donald D. Larson	National Bank of Sarasota	6,493.00	21,493.00	B
	F. I. duPont, Glore Forgan & Co.	15,000.00	17,500.00	September 8, 1971
Jerry P. Oakley	F. I. duPont, Glore Forgan & Co.		20,000.00	B
Robert H. Parks	F. I. duPont, Glore Forgan & Co.			July 27, 1973
Richard J. Piliero	The Central Jersey Bank & Trust Co.	2,000.00	25,000.00	Demand
	F. I. duPont, Glore Forgan & Co.	23,000.00		B
Harold Sandstrom	F. I. duPont, Glore Forgan & Co.	15,000.00	25,000.00	A
	First National City Bank	10,000.00		*
George R. Smith	County Trust Co.	5,000.00	15,000.00	December 31, 1971
	Alice W. Smith	10,000.00	8,000.00	July 21, 1971
Wallace W. Toople	National Newark & Essex Bank	1,690.00		February 20, 1972
Paul Vance	Irving Trust Co.	3,400.00		August 11, 1971
	Manufacturers Hanover Trust Co.	15,000.00	20,090.00	B
L. Donald Yarkin	F. I. duPont, Glore Forgan & Co.	5,000.00		A
	F. I. duPont, Glore Forgan & Co.	18,000.00	23,000.00	*
	Miami Beach First National Bank			

A - Payable July 1, 1971.
B - Payable August 1, 1971.
* - Date of expiration unavailable.

565a

SCHEDULE B

F. I. duPONT, GLORE FORGAN & CO.

FINANCIAL OBLIGATIONS OF PARTNERS
AS OF APRIL 30, 1971

BORROWINGS OF $20,000 OR MORE NOT INCLUDED IN THE ANSWER TO QUESTION 11(B):

BORROWER	AMOUNT	VALUATION OF COLLATERAL
Warren Ackerman	$ 62,300.00	
Robert M. Anderson	45,000.00	
Howard G. Berg	34,000.00	
John C. Clark	20,000.00	
Alfred R. duPont	137,000.00	
Edmond duPont	17,955,599.23	
Edmond Rhett duPont	440,423.45	
Peter R. duPont	137,000.00	
George W. Fellows	25,000.00	
Stanton W. Frederick, Sr	155,000.00	$350,000
Stanton W. Frederick, Sr	224,000.00	
Roger D. Gabbert	42,600.00	
Donald L. Graham	46,000.00	
Stephen S. Head	25,000.00	
James J. Hughes, Jr	20,000.00	
Stanley A. Jacobson	25,000.00	
Jane R. Larkin	20,000.00	
Frederick W. Leich	100,000.00	
William W. Madden	20,500.00	
William O. Matthews	35,000.00	
Richard McDonald	20,000.00	
Charles Moran	91,172.98	
Donald Mutterperl	45,000.00	
Donald Mutterperl (A)	216,100.00	
Donald Mutterperl (B)	19,000.00	
Donald Mutterperl (C)	16,000.00	
Norman L. Padgett	29,000.00	
Alfred Rauschman	28,600.00	
Guido Sclafani	20,000.00	
Gough W. Thompson	142,200.00	
William A. Victor	21,500.00	

(A) Subordinated borrowing from Martin Mutterperl.
(B) " " " Nancy Mutterperl.
(C) " " " F. I. duPont, Glore Forgan & Co.

The purpose of these borrowings was to finance the purchase of his membership in the American Stock Exchange.

PLF. DEF'S. EX. 281 IDENTIFICATION / EVIDENCE WIT. DATE 6-24-74 BAR ASS'N. REPORTING SERVICE

SUBJECT FILE NO.

HASKINS & SELLS

NEW YORK, December 16, 1969

MEMORANDUM:

FRANCIS I. DUPONT & CO.
MEMORANDUM OF MEETING WITH NYSE - DECEMBER 16, 1969

On December 16, 1969, we met with representatives of the New York Stock Exchange to discuss the Francis I. duPont Answers to Financial Questionnaire as of September 28, 1969 and the computation of Net Capital under Rule 325 relating thereto. Present at the meeting were: Paul Chenet, Joseph Kaspareck, and Kevin Upton from the New York Stock Exchange; Samuel Gay and Milton Speicher of Francis I. duPont; Edward Lill and Eugene Bonstein of Haskins & Sells. Mr. Robert Bishop of the New York Stock Exchange joined the meeting after preliminary discussions were completed.

The first matter discussed was the item shown in the response to question four "Dividends receivable on securities in fail to receive on dividend record date" showing a short value of $8,138,344. The Exchange inquired as to the nature of the item, particularly as to whether the securities were open in fail to receive on the audit date. Francis I. duPont and H&S responded that although some of the positions may have been open in fail to receive on audit date, most were not open and repeated that, as the caption indicates, the short positions represented stock dividends receivable on positions which were open in fail to receive on the dividend record date and not necessarily open on the audit date. The Exchange stated that the entire amount of $8,138,344 would be charged against net capital for Rule 325 purposes and inquired further as to how these items differed from any other stock dividends receivable. H&S responded that the items making up this balance were identifiable to security positions open in fails and therefore identifiable as to broker from whom collectible; other stock dividends receivable are not identifiable to other brokers and, in many cases, the customer or broker from whom collectible has not been determined.

The second matter discussed was the charge in connection with customer accounts; that is, charges for customer partly secured accounts, unsecured accounts, and margin accounts requiring additional margin. The Exchange inquired as to the progress being made in reducing these items. Mr. Gay responded with a report on the programs established to "clean-up" the items, the progress made to date and the estimated dollar amount of reduction to date in the penalty amounts shown in the questionnaire. The Exchange then urged that continued efforts must be made in this area.

EX. 226

MEMORANDUM December 16, 1969

The third matter discussed was dividends receivable (cash and stock). The Exchange stated that the "Non-Current" amounts (open for 30 days or longer) were charges against capital and inquired as to the progress made in reducing such non-current amounts. Francis I. duPont and H&S responded that it was understood that these amounts were charges against capital and Francis I. duPont further responded that progress was slow in this area and future progress would continue to be slow because of the large amount of time required to research each item and the tremendous number of individual small items comprising the open balances. The Exchange did not pursue this item any further at this point.

The fourth matter discussed was "count differences". The Exchange inquired as to the progress made to date in locating the differences and reducing the amounts reported. Mr. Gay responded with a brief report on the programs established to reduce the differences and the progress made to date.

The Exchange then applied the reductions in capital charges arising from the reductions referred to above, to their capital computation to determine the approximate present capital deficiency. Mr. Bishop then entered the meeting.

The previous discussions were summarized for Mr. Bishop and he expressed concern that Francis I. duPont was still not meeting Rule 325 Capital Requirements by a significant amount and inquired as to how this situation was to be remedied. He specifically inquired as to what the "duPont-Laird" arrangement involved. Me. Speicher briefly described the arrangement and indicated that it had been reviewed with Exchange counsel by Francis I. duPont counsel. Mr. Bishop then inquired as to the significance of the $20,000,000 amount stated in the footnote of the Questionnaire and asked that the footnote be read aloud. After the note had been read he was satisfied that the $20,000,000 amount was described as the maximum amount of capital that could be provided by duPont-Laird and that $1,000,000 was described in the footnote as the actual amount of capital provided by duPont-Laird at the audit date.

The discussion then covered the overall causes of Francis I. duPont's capital deficiency and centered on the fact that the main causes were the large penalty charges for dividend debits and dividend short positions which were non-current (over 30 days old) together with the large penalty charges relating to deficits in customer accounts. Mr. Gay stated that he believed

the charges relating to customer accounts could be substantially reduced in a relatively short period of time but he could not see a substantial reduction in the dividend area in a short period of time. H&S then stated that it was unrealistic to charge dividend receivables over 30 days old against capital in that, in the normal cycle, it took much more than 30 days to make an appropriate dividend claim and to collect the claim. It was further stated that if the 30 day period was to be the criteria, the period would be shorter than the normal business cycle for dividends and therefore credit should be given for the dividend credits and long positions open in dividend accounts; the theory being that if an arbitrary cut-off is applied in the middle of a normal business cycle there would be open debits and shorts which were not cleared as well as open credits and longs which were not cleared and, if a charge is to be made for uncleared debits and shorts, credit should be given for uncleared credits and longs. Although the Exchange did not refute the theory, they believed that the 30 day period would continue to be used and no credit would be given for credits and long positions.

H&S then stated that large brokers could not be expected to meet capital requirements under present day conditions if such charges are to be made for short dividends without application of open long dividends and long differences against such short dividends. There was then a discussion of how long differences related to short dividends and the discussion was led into the broader subject of how the long differences related to the short differences even in cases where the long and short was not the same stock. The discussion went into various theories, including a discussion of the fact that many of the open items in dividend accounts represent errors and are much the same as count differences and therefore, it is not unusual for a long difference to be the offset for an erroneous open short position in a dividend account. After the discussion the Exchange expressed agreement that there were relationships between such long differences and dividends and the short differences and dividends. Mr. Bishop then stated that the Exchange would not apply or give credit for such longs in the Rule 325 Capital Computation but Francis I. duPont should avail themselves of the capital benefit of the longs by liquidating the long and short differences or wherever possible, applying in Francis I. duPont's records the long differences and dividends against the short dividends and differences. He said that he strongly recommended that Francis I. duPont undertake such liquidation procedures to improve their poor Rule 325 capital position.

MEMORANDUM December 16, 1969

H&S then agreed with Mr. Bishop's conclusion and, as a further argument in this direction, suggested that the Exchange give consideration to the future problem; namely, the long dividends arising in 1967 and 1968 will be considered under the New York State Escheat Laws as unclaimed property which must be turned over to the state in 1972 and 1973 respectively, and, since many of these long positions represent the results of errors rather than unclaimed property, the Exchange and member firms must develop their theories that they are errors otherwise member firms will be absorbing the actual losses with respect to the short positions and not realizing any of the related gains on the long positions since such long positions will be turned over to New York State. This would be a so-called "one way street" to the disadvantage of member firms and the Exchange.

The meeting was adjourned with the understanding that Francis I. duPont would proceed to undertake liquidation procedures to improve their capital position. It was clearly understood that there would be a market risk in such liquidation procedures in that a customer or broker may subsequently claim a liquidated position. It was also understood that a similar market risk would be present if liquidation procedures were not established in that the unclaimed differences would be held for a year or two before being liquidated.

E. J. LILL

EJL:CAF

Pl. Ex. 251, pp. 571a-579

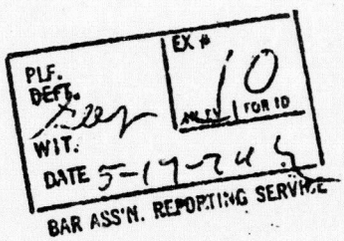
571a

FRANCIS I. duPONT & CO.
MEMBERS NEW YORK STOCK EXCHANGE

ONE WALL STREET, NEW YORK, N.Y. 10005
TELEPHONE: (212) 344-2000

April 15, 1970

Mr. Robert M. Bishop
President, Director
New York Stock Exchange
Department of Member Firms
4 New York Plaza
New York, N.Y. 10004



Dear Mr. Bishop:

We have reference to your letter to Francis I. du Pont & Co. (F.I.D.) dated February 24, 1970 with which you enclosed the draft of a staff memorandum, dated February 2, 1970, which you propose to submit to the Advisory Committee of the Board of Governors for its consideration. Before submitting the staff memorandum, however, you have asked for our comments on the factual accuracy of the memorandum and for any explanation we feel is appropriate to provide a proper understanding of our position.

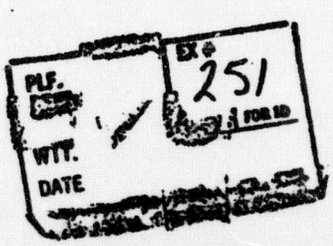
We wish to take this opportunity to advise you that representatives of our firm wish to appear personally before the Advisory Committee, if and when it considers the staff memorandum.

I

The staff memorandum sets out on the first page the Problem as follows:

> "Did Francis I. du Pont & Co. violate Exchange Rule 325 (Capital Requirements) on June 30, July 30 and September 28, 1969? Was there a continuing violation of this Rule from June 30, 1969, until approximately December 24, 1969?"

1. The short-form Questionnaire filed on August 6, 1969 showed the firm to be in compliance with Rule 325 as of



June 30, 1969, although the firm would have been in technical violation* of the Rule if certain additional charges had been made against capital, which charges were pointed out by the Exchange Examiners during their visit to F.I.D. from July 16 through September 17, 1969 and which were included in their "Report on Visit to Francis I. du Pont & Co." dated September 30, 1968, forwarded with your letter to us, dated November 12, 1969. During their visit, however, the Examiners told Mr. Sam Cay of F.I.D. of the problem areas and the estimated amount of the additional charges. On August 31, a full month before the formal Report was received from the Examiners, the firm was again in compliance with Rule 325, taking the additional charges into consideration, as indicated in our letter to your Department, dated November 26, 1969. Any technical violation, therefore, occurring on June 30 or July 30 because of the application of additional charges against capital imposed by the Exchange Examiners, was corrected by the firm within days of informal notification on August 14, and at least a month before receipt of the formal Report.

2. F.I.D. filed its long-form Questionnaire on November 28, 1969. This Questionnaire, which speaks as of September 28, 1969, was prepared by the firm's independent auditors. The computation of the firm and its auditors showed F.I.D. to be in compliance with Rule 325, taking into consideration the additional capital received between September 28 and November 28, the date of filing. Shortly thereafter, however, we were informed of two additional charges to be made against capital. The firm did not agree that either charge was appropriate and, in fact, one was subsequently eliminated upon your receipt of a letter from our outside accountants who reclassified that item. In view of the facts that our Questionnaire showed us to be in compliance with Rule 325 according to our auditor's computation and after the addition of capital from October 1 to November 28, 1969; that reasonable men could differ about the appropriateness of the charge; and further, that any capital deficiency caused by the additional charge of approximately $8,000,000 was made up by December 24, 1969

*the term "technical violation" is used throughout this letter to describe a condition which was not known to F.I.D. at the time it occurred and which was corrected forthwith when the fact of its existence was brought to the attention of the firm.

at the latest, we submit that F.I.D. should not be deemed to have been in violation of Rule 325 on September 28, 1969.

3. As set forth in our letter to your Department, dated November 26, 1969, this firm was in compliance with Rule 325 on August 31, 1969, after taking into consideration the additional charges against capital about which we were informally told on August 14 by the Exchange Examiners and about which we did not receive formal notification until the Report of the Examiners, dated September 30, 1969. We by no means suggest that this date is the only point of time at which we were in compliance, for such is far from the case, but we specifically point it out because of our above-mentioned letter of November 26, 1969 and because the computation set out therein contained the additional capital charges resulting from the Stock Exchange examination. We submit, therefore, that there cannot have been "a continuing violation of the Rule [325] on June 30, 1969, until approximately December 24, 1969."

II

Supervision of the Net Capital and the Capital Ratio is the province of the firm's Finance Committee, made up of senior members of the firm, meeting at least once a week. At each such meeting, and more frequently if required, the Finance Committee reviews the firm's capital situation. In accordance with this established procedure, the Finance Committee met on July 21, 1969 to discuss the condition of the firm in general and, in particular, to consider the capital situation in view of the large operating losses suffered during the first part of the year. It was decided at this time that the capital of the firm should be increased by $5,000,000 from the General Partners. It was also decided that a capital ratio of 1200% should be the goal of the firm and should be achieved as soon as possible.

On July 24, 1969, Messrs. du Pont, Peterson, Speicher and Gay met with you and Messrs. Chenet and Fenton to discuss, among other things, a possible merger with Laird, Bissell & Meeds. At this meeting, Edmond du Pont, our Senior Partner, (du Pont) stated to you that it was the intention of the firm to increase the contribution of the General Partners to the firm capital by $5,000,000 by August 31, 1969. This

commitment made to you by du Pont was fulfilled and the $5,000,000 was received by, or committed to, the firm by the end of August. As a result of the raising of this and other additional capital, the firm was in compliance with the requirements of Rule 325 on August 31, 1969, as heretofore stated, even after allowing for the increased capital charges resulting from the Exchange examination.

Since that time, the Finance Committee has kept a careful eye on the capital picture and the Capital Ratio. 1200% is still the goal which we are making every effort to reach and maintain.

III

The examination of the accounts of F.I.D. as of June 30, 1969 did not take place as the result of what is generally known as a "surprise visit". The Department of Member Firms had been informed by F.I.D. on July 14 of a proposed merger with Laira, Bissell & Meeds of Wilmington, Delaware. It was in connection with your investigation and subsequent approval of this merger, (which, however, was never consummated) that the Exchange Examiners visited F.I.D. from July 16, 1969 through September 17, 1969 as stated in the staff memorandum. (We wish to take this opportunity to state to you that these Examiners were most cooperative and helpful in every way.)

On August 13 or 14, one of the Examiners mentioned to Mr. Sam Gay, a partner of F.I.D., that the Examiners had under consideration certain additional charges against the Net Capital of the firm. No definite figures were given to Mr. Gay, but the general areas under consideration were pointed out to him. This information was immediately transmitted to the other Managing Partners of the firm who, realizing the serious affect such additional charges might have on the firm's Net Capital position, called a meeting on Saturday, August 16, 1969. Du Pont was kept advised of the progress of the meeting by telephone and was informed that it was the opinion of the Managing Partners that an additional $10,000,000 of capital would be necessary - this in addition to the $5,000,000 previously discussed at the July 21 meeting.

After receiving the information from the August 16

meeting, du Pont increased his already strenuous efforts to raise additional capital for the firm. He approached the trustees of a trust located in Wilmington, Delaware and persuaded them of the desirability of contributing $15,000,000 to the firm as additional capital. From the Monday after the August 15 meeting until September 26, 1969, negotiations were carried on with the trustees. In fact, on September 8, 1969, Gough Thompson, a partner of this firm, met with du Pont and one of the trustees to discuss the preparation of the necessary papers - subsequently Mr. Thompson prepared drafts which were considered with representatives of the trustees. It was not until September 26, 1969 that the attorneys for the trustees advised that a legal proceeding would be necessary before the funds could be contributed as additional capital to F.I.D. It appeared that a court order of the Chancellor of Delaware would be necessary before the funds could be moved out of the Wilmington Trust Company and we were advised that such a proceeding would take five or six months. There did not seem to be much doubt but that the proceeding would be successful, but the time delay was too great to consider. Any possibility of obtaining additional capital from this source had to be abandoned.

Du Pont and others were instrumental in the formation of a securities company called du Pont, Laird Securities, Inc. through which it was proposed to raise additional capital for the firm amounting to about $20,000,000. Since the organization of the company approximately $7,000,000 has been contributed. The action of the stock market has been against us, but we confidently anticipate that the balance of the $20,000,000 will be forthcoming in the not too distant future.

It should be noted here that during this trying period there were no substantial withdrawals of capital from the firm. This is an indication of the continued confidence of our investors.

In spite of the disappointment regarding the Wilmington trust, the falling through of the Laird, Bissell & Meeds merger and the delay in raising the total anticipated amount in du Pont, Laird Securities, Inc., du Pont enjoyed considerable success in raising capital during the remainder of 1969 and into 1970 as is indicated by the following table:

	Gross Value-Committed	Gross Value-Receipts	Net Capital Value
ly 1969	$ 500,000	$ 468,000	$ 343,000
gust 1969	5,594,000	3,273,000	3,073,000
ptember 1969	0	2,659,000	2,038,000
tober 1969	1,779,000	1,519,000	1,168,000
vember 1969	5,045,000	5,063,000	4,733,000
cember 1969	5,257,000	333,000	246,000
Totals	$ 18,175,000	$ 13,365,000	$ 11,601,000

Capital charges were reduced from June 30, 1969 to December 31, 1969 as follows:

Sale of leasehold improvements	$1,025,000
Elimination of commodity credits	2,000,000
$112,000,000 reduction of aggregate indebtedness	5,600,000
	$8,625,000

In January and February of 1970 the firm received capital with a gross value of approximately $7,000,000 and a net capital value of approximately $5,000,000.

IV

The audit embodied in the long-form Questionnaire which speaks as of September 28, 1969 was filed on November 28, 1969. While the audit was under way, the stock and bond prices of the securities contributed to the firm capital decreased considerably and it was clear long before the Questionnaire was filed that additional capital would be necessary in order to reduce the net capital ratio to the level of 1200%, the optimum goal set by the Finance Committee. As set forth above, du Pont was able to raise approximately $2,650,000 in September, $1,500,000 in October and $5,000,000 in November. The Department of Member Firms was kept fully advised of the commitments to contribute and of the actual receipts of the cash and securities.

As a result of the efforts of du Pont and others,

the computation by the auditors from answers contained in the Questionnaire, with the addition of the capital raised between September 28 and November 28, showed the firm in compliance with Rule 325.

In the middle of December, your Examiners informed us that they did not agree with the treatment of $8,138,344 under question 4 and $1,809,845 under question 13. It was then maintained that both these amounts - totalling about $10,000,000 - should be charged against the firm's net capital position. By making these charges, a technical violation of Rule 325 would result.

Our representatives argued strenuously against the above-mentioned capital charges and succeeded in having the $1,809,845 deleted from question 13 as a deduction from net capital. This deletion was conditioned upon the receipt of a letter from our outside accountants who reclassified this item. This letter was, in fact, mailed to you on January 13, 1970.

Upon learning of the above-mentioned charges against net capital asserted by your Department, Messrs. Speicher and Gay of F.I.D. met with you to discuss the remedial steps which should be taken. They reported to a meeting of the Finance Committee of F.I.D. held on December 16, 1969 that, with your approval, and, even at your suggestion, a program of liquidation should be undertaken to reduce the firm's overages. The completion of this program, together with the additional capital raised by du Pont resulted in the compliance of the firm with Rule 325 on December 24, 1969 as indicated in the staff memorandum.

Our Questionnaire as filed on November 28, 1969 was prepared under the supervision of our outside accountants and showed us to be in compliance with Rule 325 when, as is customarily the case, the additional capital raised between the date as to which the Questionnaire speaks and the date upon which it is filed is taken into consideration. Reasonable men could, and did, differ upon the appropriateness of the additional charges suggested by your Examiners. In fact, as indicated above, we were successful in eliminating one of such charges. In addition, any capital deficiency caused by the additional charge ultimately imposed amounting to approximately $8,000,000, was made up by December 24, 1969 at the latest. On this record, we respectfully submit that this firm should not be charged with

a violation of Rule 325 on September 28, 1969.

V

The firm, and du Pont, in particular, is continuing its efforts to raise additional capital. The capital ratio has been reduced below 1500% and will be reduced to the optimum level of 1200% as soon as possible. The Department of Member Firms has been, and will continue to be, informed as to our capital picture and, in particular, as to the commitment and receipt of new capital.

The staff memorandum sets out the Question for Discussion as follows:

> "Did Francis I. du Pont & Co. violate Exchange Rule 325 (Capital Requirements) specifically on June 30, July 30 and September 28, 1969, and continuing until approximately December 24, 1969?"

We have attempted to show that this question should be answered in the negative - that this firm should not be charged with any violation of Rule 325 either on June 30, July 30 or September 28, 1969. Any technical violation existing on June 30 or July 30 was corrected at the very latest by August 31, 1969. Any technical violation as of September 28, 1969 was not brought to our attention until December, when we were informed of proposed additional charges against our capital. Immediately, we liquidated enough of our overages so that any possible technical violation was corrected, even after charging our capital with the additional $8,000,000.

As to the second part of the question, we have shown that any technical violation of Rule 325 occurring on June 30 or July 30 was corrected by at least August 31, 1969 as evidenced by our letter to you dated November 26, 1969. Such being the case, it cannot be maintained that any violation, technical or otherwise, "continued until approximately December 24, 1969.

We have endeavored to explain the underlying facts contained in the staff memorandum. We trust we have done so to your satisfaction and that you will not feel it necessary

to forward the staff memorandum to the Advisory Committee. If you feel otherwise, we respectfully request permission to sit down with you and discuss further the explanations contained in this letter. If possible, we would like to do so before the staff memorandum is submitted to the Advisory Committee.

In closing, let us state again our deep appreciation of the cooperative attitude of the Department of Member Firms and its entire staff, including, in particular, yourself.

Very truly yours,

Wallace Latton

HIRSCH & CO.

STATEMENT OF FINANCIAL CONDITION
AS OF APRIL 26, 1970 AND (UNAUDITED) JULY 2, 1970
AND (UNAUDITED) SUPPLEMENTAL SCHEDULES FOR THE
PERIOD FROM JULY 2, 1970 TO AUGUST 31, 1971

****

HASKINS & SELLS

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

October 15, 1971

Hirsch & Co. (in liquidation),
c/o Mr. P. L. Kohns,
39 Broadway,
New York, New York 10004.

Dear Sirs:

We have previously examined the accompanying statement of financial condition of Hirsch & Co. as of April 26, 1970 and have rendered our opinion thereon dated June 10, 1970, in which we referred to a change in method of stating investments in wholly-owned corporate affiliates as explained in Note 1 of such statement. Subsequent to the date of our opinion it was determined that the transaction between Hirsch & Co. and Francis I. du Pont & Co. constituted a sale as indicated in the revised Note 2 to the accompanying statement of financial condition, rather than a merger as described in the original Note 2 to such statement.

We have also prepared from your books and records without audit the accompanying statement of financial condition of Hirsch & Co. as of July 2, 1970 and the accompanying schedules of the omnibus account for the period from July 2, 1970 to August 31, 1971 (Schedule 1) and capital contributed by Hirsch & Co. to F. I. duPont, Glore Forgan & Co. for the period July 2, 1970 to August 31, 1971 (Schedule 2).

We have not made an examination of any financial statements or related tests, other than those described below relating to the stock record, of any accounting records of Hirsch & Co. as of any

date or for any period subsequent to April 26, 1970 and therefore we are unable to and do not express any opinion on any such financial statements or on the accompanying Schedules 1 and 2.

In order to assist you in fulfilling the terms of the agreement dated July 2, 1970 between you and Francis I. du Pont & Co., however, we have, at your request, carried out certain procedures and made certain inquiries with respect to your unaudited statement of financial condition as of July 2, 1970 as follows:

(1) Counted all securities held by Hirsch & Co. on July 2, 1970 in its box and in segregation and agreed such counts to the stock record.

(2) Observed and controlled the microfilming of the aforementioned securities.

(3) Agreed detail records of securities held by transfer agents to the stock record but did not request confirmation thereof.

(4) Obtained a copy of the Hirsch & Co. unaudited statement of financial condition as of July 2, 1970 and the related detail schedule of liabilities included therein and
   (a) read such statement and compared it as to reasonableness to the aforementioned audited statement of financial condition as of April 26, 1970.
   (b) read the detail schedule of liabilities as of July 2, 1970 and compared it as to reasonableness to a similar schedule supporting the statement of financial condition as of April 26, 1970.
   (c) discussed material variations noted in such comparisons with Hirsch & Co. officials knowledgeable in accounting matters and obtained explanations for such variations except as stated in the following sentence. It was not practicable to make the aforementioned comparisons with respect to individual customers' accounts and, although the amounts shown for dividends and interest payable were in agreement with the general ledger accounts, detail underlying records could not be located and therefore we were not able to make detail comparisons thereof.

The foregoing procedures and inquiries do not constitute an examination made in accordance with generally accepted auditing stand-

in financial position or inconsistencies in the application of generally accepted accounting principles.

It should be noted that, as of the date of this report, no reconciliation with the accounts of F. I. duPont, Glore Forgan & Co. has been prepared as of any date subsequent to July 2, 1970 with respect to the omnibus account on the books of Hirsch & Co. relating to the transfer of assets to and assumption of liabilities by F. I. duPont, Glore Forgan & Co. Accordingly, the unaudited statement of financial condition as of July 2, 1970 does not give effect to any adjustments which might result from such a reconciliation.

We may state, however, that, subject to the effect of any changes which might be required in the accounts which were affected by the scope limitations referred to in the first preceding paragraph and item 4(c) in the third preceding paragraph, the foregoing procedures and inquiries did not cause us to believe, nor did anything else cause us to believe, that the net worth shown on the unaudited statement of financial condition of Hirsch & Co. as of July 2, 1970 is not fairly stated or that the reserves provided for therein are not stated on a basis consistent in all material respects with those in the audited statement of financial condition as of April 26, 1970, except as stated in the following sentence. No allowances were provided at July 2, 1970 for uncollectible unsecured customers' accounts or uncollectible non-current dividends receivable, whereas such reserves were provided for at April 26, 1970.

This letter is intended solely for use in connection with the Francis I. du Pont & Co. acquisition of Hirsch & Co. as contemplated by our letter of June 26, 1970 addressed to Messrs. Guggenheimer & Untermeyer, attorneys for Hirsch & Co., and is not otherwise to be referred to in whole or in part or quoted by excerpt or reference except for any reference to it in any list of closing documents.

Yours truly,

Haskins & Sells

HIRSCH

STATEMENT OF FIN

-- A S S E T S --	APRIL 26, 1970	JULY 2, 1970 (Unaudited)
CURRENT ASSETS:		
Cash in bank and on hand	$ 3,260,813	$ 3,722,121
Clearing funds and other deposits	378,515	312,545
Receivables from other brokers and dealers	4,841,191	3,562,1??
Receivables from customers	45,533,221	42,437,308
Securities owned by Firm and partners and borrowed under subordination agreements - at market value:		
U. S. Government and municipal bonds	3,769,403	1,091,01.
Other securities	2,634,687	746,358
Miscellaneous current assets (including partners' tax refunds receivable on April 26, 1970 of $840,513)	1,075,810	278,92?
Total current assets	61,493,635	52,150,408
OTHER ASSETS:		
Membership in exchanges - at market value	,582,018	746,24?
Furniture and fixtures (depreciated amount)	1,441,546	1,412,89?
Investments in wholly-owned corporate affiliates (at equity in net assets on April 26, 1970 and realized value on July 2, 1970)	1,446,261	1,266,92?
Miscellaneous	961,616	671,32
TOTAL	$66,925,076	$56,247,80

NOTES:

(1) As of December 31, 1969, Hirsch & Co. changed i affiliate? from a cost to an equity basis. $1,050,951 and such excess is included in net the amount realized upon their disposition.

(2) In June 1970, Francis I. duPont & Co. and Hirsc Hirsch & Co. The sale became effective on J

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--LIABILITIES--	APRIL 26, 1970	JULY 2, 1970 (Unaudited)
URRENT LIABILITIES:		
Money borrowed on securities	$32,267,258	$28,063,111
Payable to other brokers and dealers	8,240,123	5,724,046
Payable to customers:		
Cash and margin accounts and credit balances	10,973,230	13,645,538
Equities in commodity accounts	590,442	257,966
Securities sold but not yet purchased - at market value	163,089	254,516
Dividends and interest payable	611,175	321,264
Miscellaneous current liabilities	2,663,321	2,306,389
Total current liabilities	55,508,638	50,572,830
APITAL FUNDS AND SUBORDINATED LIABILITIES:		
Borrowings under subordination agreements	3,984,617	1,036,250
Net worth:		
Appropriated for possible contingent liabilities related to liquidation		379,000
Unappropriated	7,431,821	4,259,725
Total capital funds and subordinated liabilities	11,416,438	5,674,975
TOTAL	$66,925,076	$56,247,805

d of stating investments in wholly-owned corporate
ril 26, 1970, equity in net assets exceeded cost by
At July 2, 1970, these investments are stated at

agreed in principle to a sale of the business of
970.

HIRSCH & CO. SCHEDULE 1

OMNIBUS ACCOUNT - ASSETS AND PROPERTIES CONVEYED, ASSIGNED, TRANSFERRED, AND DELIVERED TO AND LIABILITIES ASSUMED BY F. I. duPONT, GLORE FORGAN & CO.
FOR THE PERIOD FROM JULY 2, 1970 TO AUGUST 31, 1971
(Prepared from the books and records without audit)

ASSETS AND PROPERTIES CONVEYED, ETC., JULY 2, 1970:		
Cash in bank and on hand	$ 723,146	
Clearing funds and other deposits	180,425	
Receivables from other brokers and dealers	3,427,865	
Receivables from customers	42,432,198	
Securities owned by Firm - at market value	707,580	
Miscellaneous current assets	278,921	
Membership in exchanges	33,850	
Furniture and fixtures (depreciated amount)	1 12,899	
Investments in wholly-owned corporate affiliates (includes 1971 adjustment of $723)	1,266,202	
Miscellaneous	305,733	$ 50,768,819
LESS LIABILITIES ASSUMED BY F. I. duPONT, GLORE FORGAN & CO., AS OF JULY 2, 1970:		
Money borrowed	28,063,111	
Payable to other brokers and dealers	5,685,721	
Payable to customers:		
Cash and margin accounts	13,624,873	
Commodity accounts - ledger balances (customers' net losses of $108,210 received directly from commodity exchanges)	366,176	
Securities sold but not yet purchased - at market value	254,516	
Dividends and interest payable	321,264	
Miscellaneous current liabilities	749,186	49,064,847
EXCESS OF ASSETS OVER LIABILITIES CONVEYED TO F. I. duPONT, GLORE FORGAN & CO., AS OF JULY 2, 1970		1,703,972
SUBSEQUENT TRANSACTIONS:		
Add:		
Additional cash transfer in partial settlement of the omnibus account		375,000
Total		2,078,972
Less:		
Liabilities paid by F. I. duPont, Glore Forgan & Co. on behalf of Hirsch & Co.	417,187	
Capital to be credited (see Schedule 2)	1,856,290	(2,273,477)
Balance due F. I. duPont, Glore Forgan & Co		(194,505)
Payments to F. I. duPont, Glore Forgan & Co. in July and August 1971		194,505
BALANCE, AUGUST 31, 1971		

SCHEDULE 2

HIRSCH & CO.

SCHEDULE OF CAPITAL CONTRIBUTED BY HIRSCH & CO. AND ITS PARTNERS
TO F. I. duPONT, GLORE FORGAN & CO.
FOR THE PERIOD FROM JULY 2, 1970 TO AUGUST 31, 1971
(Prepared from the books and records, without audit,
including records of the Hirsch & Co. Liquidating Committee)

CAPITAL CONTRIBUTED:	
Capital credit from omnibus account (see Schedule 1).....	$1,856,290
Additional cash contributions from Hirsch & Co.....	1,235,000
Additional cash contributions from the individual partners of Hirsch & Co.....	1,399,710
TOTAL THROUGH AUGUST 31, 1971.....	$4,491,000

5/6

7-03-70 BAL AS OF JUL03 1970 INDAY 03 BOOKKEEPING RUN

Pl. Ex. 260, pp. 588a-589a
588a

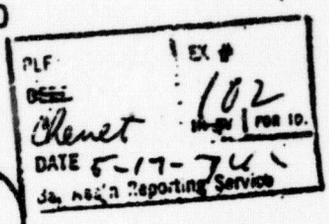
OFFICE 91	28,437,845.47	26,527,404.65	1,910,440.82

NEW YORK STOCK EXCHANGE

102

MEMORANDUM

May 13, 1970

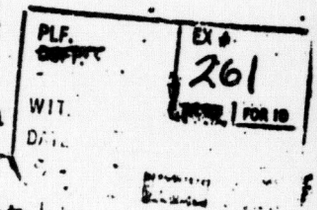


TO: LEE D. ARNING

FROM: FRED J. STOCK, JR.

SUBJECT: Blair & Co., Inc. and F. I. duPont & Co.

I have recently had discussions with Paul Chenet, the Coordinator for F. I. duPont & Co., and John Deignan, the Coordinator for Blair & Co., Inc., regarding the possible merger of these two member organizations. It is our opinion that the consolidation of these two firms, at this time, is not advisable. There are several reasons for our feeling this way which I will try to briefly summarize, but which I think we should discuss in detail.



The first reason is the poor capital condition of both of these member organizations. While it is possible that there could be a substantial infusion of capital to this combined member firm, based on comments by Mr. Edmond duPont that capital is available for a profitable firm with the right business mix, we have no assurances that there will be an infusion of capital.

The second reason is, naturally, the substantial operating losses of both of these organizations. While it is true that both firms are taking steps to bring their income and expense in line, a consolidation of the two firms would entail considerable added expense and experience has shown that in a merger the gross revenue of the two firms operating independently is greater than the gross revenue of the consolidated firm.

The third reason is that we do not feel the management of duPont has really been completed tested. While we feel that Sam Gay has done an excellent job in the operations area, we are not convinced that the overall management problems of duPont have been solved.

The fourth and by many ways major reason, is the condition of the records of Blair & Co., Inc. The firm has estimated that it will take between six months and a year to resolve the differences that presently exist. This means that there could not be a rapid or effective transfer of customer accounts from Blair to duPont. While both firms would have the computer facilities to do machine transfers, all they would be accomplishing is moving the errors that presently exist on Blair & Co.'s records on to duPont's records. Our experience has also shown that after any merger the number of errors in the records are far greater since, in many respects, we are facing the same problems you do in a conversion to a new Data Processing System.

The operation would be further complicated by people who are becoming familiar with Blair's present system having to learn a new system all over again.

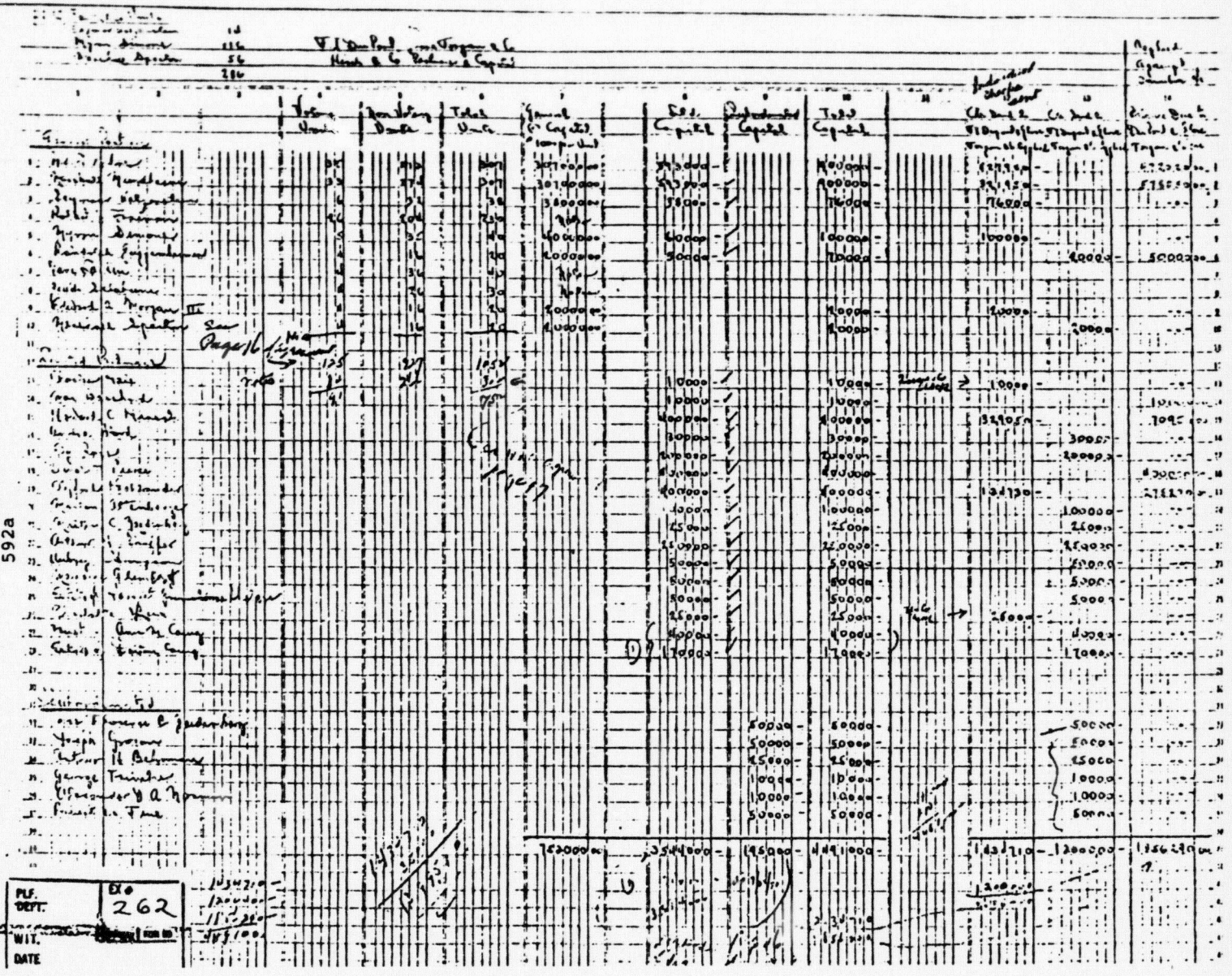
The fifth consideration is that the very sensitive indicator of customer complaints shows that duPont is still No. 1 and Blair & Co., Inc. is No. 2. During such a merger, complaints usually rise and we are afraid that the volume of customer complaints on this combined firm would be astronomical.

The sixth consideration that we should go into detail on is what economies could be realized by merging these firms, what offices could be consolidated, what the terms of leases are in the various offices as well as the new New Jersey operations office of Blair & Co., Inc., etc.

The above are basic reasons for opposing this merger, at this time. While this may be a very logical combination of two member organizations, it would appear inadvisable until such time as Blair's current conversion problems are resolved and we have a further resolution of duPont's previous operational difficulties.

cc: R. M. Bishop

Pl. Ex. 262
592a



PLS. DEPT. Ex. 262
WIT.
DATE

BOARD OF GOVERNORS – NEW YORK STOCK EXCHANGE
Deft. NYSE Ex. B, pp. 593a-601a
593a

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 2/27/70
Francis I. duPont & Co.	LAST PREVIOUS REPORT DATE: 1/31/70

RECEIVED NYSE
1970 MAR 26 PM 10:10

CHIEF EXAMINER

	Current Report	Last Previous Report
Summarize the results of the latest computation made of the Ratio of Aggregate Indebtedness to Net Capital in accordance with Rule 325:		
A. Date as of which computation was made	3/12/70	2/12/70
B. Amount of Aggregate Indebtedness	$ 298,977,000	$ 300,763,000
C. Amount of Net Worth (excluding Subordinated Borrowings)	$ 56,153,000	$ 54,337,000
D. Net Value of Securities in Proprietary accounts	$ 101,140,000	$ 72,536,000
E. Amount of Subordinated Borrowings	$ 9,300,000	$ 8,472,000
F. Net Value of Securities in Subordinated Accounts	$ None	$ None
G. Amount of Net Capital	$ 20,026,000	$ 17,858,000
H. Ratio of Aggregate Indebtedness to Net Capital	1493 %	1684 %
I. Amount of Net Capital in Excess of (or Less than) Minimum Requirements	$ 5,077,000	$ 2,980,000

DEFT. NYSE EX. B IN EVIDENCE

Furnish the following information as of the date shown in answer to question 1A above: (A)		
A. Unresolved stock record difference positions with no known related ledger amounts:		
1. Total number thereof	7,618	8,325
2. Total LONG market value thereof	$ 10,919,478	$ 11,621,000
3. Total SHORT market value thereof	$ 9,966,076	$ 9,902,748
4. Were the LONG values ignored in the capital computation summarized in answer to question 1?	YES [X] NO [ ]	YES [X] NO [ ]
5. Were the SHORT values charged to capital in the capital computation summarized in answer to question 1?	YES [ ] NO [X]	YES [ ] NO [X]
B. Ledger amounts comprising SUSPENSE ITEMS and/or DIFFERENCE AMOUNTS with no known related securities positions:		
1. Total number of such SUSPENSE ITEMS and DIFFERENCE AMOUNTS	1,135	1,122
2. Total of such ledger DEBIT amounts	$ 194,522	$ 239,503
3. Total of such ledger CREDIT amounts	$ 780,640	$ 778,615
4. Were these amounts considered in the capital computation summarized in answer to question 1?	YES [ ] NO [X]	YES [ ] NO [X]

(A) Date ... 27, 1970

NAME OF RESPONDENT ORGANIZATION

Francis I. duPont & Co.

COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 2/27/7

LAST PREVIOUS REPORT DATE: 1/31/70

2		Current Report	Last Previous Report
C.	Ledger amounts comprising SUSPENSE ITEMS with known related securities positions:		
1.	Total number of such SUSPENSE ITEMS	6	8
2.	Total of such ledger DEBIT amounts	$ 59,626	$ 36,135
3.	Total of such ledger CREDIT amounts	$ 1,900	$ 26,059
4.	Total market value of LONG securities positions related to SUSPENSE ITEMS	$ 48,458	$ 16,776
5.	Total market value of SHORT securities positions related to SUSPENSE ITEMS	$ None	$ None
6.	Were these balances and market values considered in the capital computation summarized in answer to question 1?	YES ☐ NO ☒	YES ☐ NO ☒
D.	Dividends, rights and similar distributions receivable outstanding 30 days and longer:		
1.	Total ledger amounts of such distributions receivable in cash	$ 3,744,479	$ 3,473,332
2.	Total market value of such distributions receivable in stock, rights, etc.	$ 7,995,450	$ 7,987,214
3.	Were the total ledger amounts and market values charged to capital in the computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☒ NO ☐

NOTES: 1. SUSPENSE ITEMS represent individually identifiable transactions which have not been cleared up in the normal course of business. They may have known related LONG or SHORT securities positions.

2. DIFFERENCE AMOUNTS represent currently unidentifiable items and may have been required to balance daily general ledger activity. They have no known related LONG or SHORT securities positions.

3 Furnish the information requested with respect to counts made since the last previous Special Operations Questionnaire was filed:

(C)

	Current Report: Date	Per Cent of Total Positions Counted	Number of Unresolved Differences	Market Value of Unresolved Differences: Long	Market Value of Unresolved Differences: Short
A. Securities:					
1. Securities in active box	None	N/A %	N/A	$ N/A	$ N/A
2. All other securities recorded as being in physical possession	None	N/A %	N/A	$ N/A	$ N/A
B. Open transfer items counted and compared to stock record	None	N/A %	N/A	$ N/A	$ N/A

	Last Previous Report: Date	Per Cent of Total Positions Counted	Number of Unresolved Differences	Market Value of Unresolved Differences: Long	Market Value of Unresolved Differences: Short
A. Securities:					
1. Securities in active box	none	N/A %	N/A	$ N/A	$ N/A
2. All other securities recorded as being in physical possession	none	N/A %	N/A	$ N/A	$ N/A
B. Open transfer items counted and compared to stock record	none	N/A %	N/A	$ N/A	$ N/A

595a

CORRESPONDENT ORGANIZATION

Francis I. duPont & Co.

COMBINED REPORT OF ALL OFFICES OF REPORTING ORGANIZATION FOR THE MONTH ENDED: 2/27/70

LAST PREVIOUS REPORT DATE: 1/31/70

4 Furnish the information called for with respect to the latest proofs taken of the following accounts:

	Date	Totals of Detail Records	Balances in Control Accounts	Differences
Current Report				
A. Customer accounts	2/27/70	$ 158,393,683	$ 158,393,683	$ None
B. Fail to receive	2/27/70	$ 24,210,000	$ 24,210,000	$ None
C. Fail to deliver	2/27/70	$ 13,178,000	$ 13,178,000	$ None
D. Stocks borrowed	2/27/70	$ 3,980,123	$ 3,980,123	$ None
E. Stocks loaned	2/27/70	$ 26,375,331	$ 26,313,700	$ 61,631
Last Previous Report				
A. Customer accounts	1/30/70	$ 156,791,313	$ 156,791,313	$ none
B. Fail to receive	1/30/70	$ 25,305,000	$ 25,305,000	$ none
C. Fail to deliver	1/30/70	$ 12,249,000	$ 12,249,000	$ none
D. Stocks borrowed	1/30/70	$ 4,993,575	$ 4,993,575	$ none
E. Stocks loaned	1/30/70	$ 30,635,954	$ 30,640,326	$ 4,372

NOTE: DETAIL RECORDS consist of the supporting documents and/or ledgers which support the balances recorded in related general ledger control accounts. For example, the detail records supporting the general ledger customer control account are the customer ledgers and those supporting the general ledger fail control accounts are the fail units maintained in the Cage and related EDP tape or card files.

Furnish the following information as of month end:	Current Report	Last Previous Report
A. Number of securities positions with unresolved stock record breaks.	31 (D)	97
B. Total market value of unresolved STOCK RECORD BREAKS:		
1. LONG	$ 225,392	$ 836,159
2. SHORT	$ 15,215	$ 1,264,762

NOTE: STOCK RECORD BREAKS refer to out of balance securities positions on the stock record which are created by the daily recording of securities movements

(D) 655 Breaks appeared on our Preliminary Closing run the evening of 2/27/70. All but 31 were cleared up by 3/2/70.

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 2/27/70
Francis I. duPont & Co.	LAST PREVIOUS REPORT DATE: 1/31/70

6 *Furnish the information requested with respect to reconciliations performed in connection with the following items since the last previous Special Operations Questionnaire was filed:*

	Current Report: Date	% of Total Positions Conf'd. & Reconciled	Number of Unresolved Differences	Market Value of Unresolved Differences: Long	Market Value of Unresolved Differences: Short
A. Collateral items confirmed with banks and compared to stock record	3/19/70	100 %	None	$ None	$ None
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	2/27/70	100 %	5 (E)	$ 16,270	$ 35,350
C. Fails to deliver confirmed and compared to stock record	2/27/70	100 %	Confirm DK'S Comparison Diff.		$ 45 310
D. Fails to receive confirmed and compared to stock record	2/27/70	100 %	Confirm DK'S Comparison Diff.		$ 43 332
E. Stocks borrowed confirmed and compared to stock record	2/27/70	100 %	Confirm DK'S Comparison Diff.		$ None None
F. Stocks loaned confirmed and compared to stock record	2/27/70	100 %	Confirm DK's Comparison Diff.		6 $ 79
	Last Previous Report				
A. Collateral items confirmed with banks and compared to stock record	2/16/70	100 %	none	$ none	$ none
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	1/30/70	99.5 %	60	$ 282,215	$ 211,228
C. Fails to deliver confirmed and compared to stock record	1/30/70	100 %	Confirm DK's - comparison Diff. -		$ 51 730
D. Fails to receive confirmed and compared to stock record	1/30/70	100 %	confirm DK's - comparison Diff. -		$ 51 559
E. Stocks borrowed confirmed and compared to stock record 1 2 2	9/26/69 1/30/70	100 %	confirm DK's -		$ none
F. Stocks loaned confirmed and compared to stock record 1 2 2	9/26/69 1/30/70	100 %	comparison Diff. -		$ 24

(E) All differences resolved prior to filing this report.

7	Current Report	Last Previous Report
A. *Furnish the following information on unsecured accounts of customers at month-end:*		
1. Total number of accounts	4,241	4,821
2. Total ledger DEBIT balances	$ 1,867,715	$ 1,905,645
3. Total market value of SHORT securities positions	$ 1,870,923	$ 1,830,971
B. *Furnish the following information on unsecured accounts of brokers at month-end*		
1. Total number of accounts	526	497
2. Total ledger DEBIT balances	$ 266,811	$ 287,516
3. Total market value of SHORT securities positions	$ 1,107,230	$ 472,165

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 2/27/70
Francis I. duPont & Co.	LAST PREVIOUS REPORT DATE: 1/31/70

		Current Report	Last Previous Report
8	*Furnish the following information on bank accounts and related bank statements:*		
	A. Latest date, prior to the report date, as of which ALL bank accounts had been reconciled	1/31/70	12/31/69
	B. Total amount of unidentified reconciling items which could eventually require adjustment of respondent's profit and loss accounts as:		
	1. DEBITS	$ 45,000	$ 45,000
	2. CREDITS	$ 1,400	$ 1,400
	NOTE: DEBIT and CREDIT amounts applicable to unidentified reconciling items should be shown separately. They should NOT be netted and shown as a single amount.		
9	*With respect to clearing arrangements:*		
	A. If the respondent clears through other brokerage organizations, state:		
	1. Latest date, prior to the report date, to which omnibus accounts carried for the respondent by clearing brokers had been reconciled	N/A	N/A
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ N/A	$ N/A
	(b) CREDITS	$ N/A	$ N/A
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ N/A	$ N/A
	(b) SHORT	$ N/A	$ N/A
	B. If the respondent clears for other brokerage organizations, state the number thereof	N/A	N/A

RESPONDENT ORGANIZATION	598a	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 2/27/70
Francis I. duPont & Co.		LAST PREVIOUS REPORT DATE: 1/31/70

	Current Report	Last Previous Report
With respect to clearing arrangements:		
C. If the respondent clears through the Stock Clearing Corporation's direct mail clearance facilities, state:		
1. Latest date, prior to report date, to which the omnibus account carried for the respondent by the Stock Clearing Corporation had been reconciled	N/A	N/A
2. Total amount of unresolved reconciling items:		
(a) DEBITS	$ N/A	$ N/A
(b) CREDITS	$ N/A	$ N/A
3. Total market value of unresolved reconciling items:		
(a) LONG	$ N/A	$ N/A
(b) SHORT	$ N/A	$ N/A

NOTE: DEBIT and CREDIT amounts and LONG and SHORT market values applicable to unresolved reconciling items should each be shown separately.

State the average number of TRADES executed per trading day of the month, for customers, other brokers and the respondent in each of the following markets:		
A. New York Stock Exchange	2,258	2,350
B. All other securities exchanges	1,308	1,592
C. Over the Counter	769	1,541
D. Other:	535	555
Totals	4,870	6,037

NOTES: 1 TRADES consist of the buying and selling activities undertaken for customers, other brokers and the respondent's proprietary accounts, which result in the issuance of confirmations and/or which require clearance or other settlement activities on the part of the respondent. Transactions cleared or settled for correspondents should be included. In determining the average number of trades, an order for the purchase (or sale) of, say, 5(a) shares, executed as 200 shares at 25 and 300 shares at 25¼, should be considered as two trades.

2 If the information as requested in this question will present a distorted representation of the respondent's business, the "Other" category may be classified into significant components, such as Underwritings, Specialist clearances, Correspondent clearances, and so forth.

3 Transactions included in the "Other" category (D) should be excluded from the categories of New York Stock Exchange, All other securities exchanges, and Over the Counter.

OF RESPONDENT ORGANIZATION	599a	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 3/27/70
Francis I. duPont & Co.		LAST PREVIOUS REPORT DATE: 1/31/70

		Current Report	Last Previous Report
11	*State the average number, per trading day of the month:*		
	A. Of UNCOMPARED TRADES and ADVISORY TRADES	309	324
	B. Of corrected or cancelled trades (If a correction and a cancellation apply to the same trade, include them as a single item only)	121	119

NOTES. 1. An UNCOMPARED TRADE is one (a) which is reflected differently on the respondent's blotter than on the contra broker's blotter as revealed by contract sheets in the case of clearing house transactions, or (b) for which the contra broker DK's the respondent's broker comparison, or for which the respondent DK's the contra broker's comparison, in the case of Over the Counter transactions.

2. An ADVISORY TRADE is one which is reflected on the contra broker's blotter only, and not on the respondent's blotter, as revealed by contract sheets, in the case of clearing house transactions.

12	*State the number, over 30 days old at month end, of open transfer items:*		
	A. Being transferred by the respondent's organization	18,273	19,952
	B. Being transferred by other brokerage organizations for the respondent	375	954
	C. Being transferred by the Stock Clearing Corporation's direct mail clearance facilities for the respondent	N/A	N/A
13	*State the number, more than 30 days old at month end, of open instructions to deliver customer securities. (Include transfer instructions not yet matched with securities and sent to transfer agents as well as other types of instructions which have not been delivered.)*	10,252	11,436
14	*Estimate the average per day of the month, for the following:*		
	A. Securities delivered to other brokers returned unaccepted (DK's):		
	1. Number of items	45	50
	2. Percentage of such items to total items presented to brokers for delivery	2.31 %	2.32 %
	B. Securities delivered against payment to banks returned unaccepted:		
	1. Number of items	23	32
	2. Percentage of such items to total items presented to banks for delivery	9.1 %	12.45 %

NOTE: With respect to securities delivered to other brokers through clearinghouses, each deliver balance order should be considered as an individual item in determining the base for estimating the average percentage of unaccepted items delivered to total items delivered

NAME OF RESPONDENT ORGANIZATION: Francis I. duPont & Co.

CONSOLIDATED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED [illegible]

LAST PREVIOUS REPORT DATE: 1/31/70

		Current Report	Last Previous Report
15	*State the number of calendar days after the month end or other cutoff date required for the preparation and mailing of customer statements*	3	3
16	*State the latest date prior to the report date for which internal FINANCIAL STATEMENTS had been issued to capital contributors*	12/31/69	12/31/69
	NOTE. FINANCIAL STATEMENTS include, as a minimum, a Statement of Income or Loss and a Statement of Financial Position.		
17	*State the number of business days after the end of the month required to complete the normal daily posting of the following:*		
	A. General ledger	Done Daily For	
	B. Customer and broker accounts	Done Daily For	
	C. Stock record	that Day's Business	
	D. Margin records		
18	A. State the number, at month end, of PRODUCING PERSONNEL (Those who devote less than the full trading day to production work should be included on an equivalent basis, e.g., ½, ¼, etc.)	1,450	1,494
	B. State the number, at month end, of personnel undergoing Registered Representative training	90	79
	C. State the total number of operations personnel employed in the Wire and Order, Purchases and Sales, Cashiering, Stock Record, Margin, Dividends, Accounting and Data Processing departments	1,186	1,168
	D. State the number of personnel on your full time internal audit staff	63	60
	E. Is an outside service bureau used for daily recordkeeping activities?	YES ☐ NO ☒	YES ☐ NO ☒
	F. State the approximate number of operations personnel who are attending formal operations training courses at the present time:		
	1. Internal courses	35	none
	2. External courses	29	15
	NOTE. PRODUCING PERSONNEL, for the purpose of this questionnaire, represent those, including partners or officers, who accept orders to execute trades		

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 2/27/70
Francis I. duPont & Co.	LAST PREVIOUS REPORT DATE: 1/31/70

		Current Report
19	A. Attach a statement identifying any major organization or system changes (for example, introduction or expansion of internal audit staff, long range planning staff, etc., conversion to computer or service bureau systems) instituted since filing the latest Special Operations Questionnaire. Include similar changes now being planned for implementation within the next 6 months and not previously reported. Provide details regarding reasons for each change and target dates for the start and completion of each change.	☐ Statement Attached ☒ Not Applicable
	B. Attach a statement giving brief progress reports on all previously reported changes now in progress, or completed or abandoned since the last previous report.	☐ Statement Attached ☒ Not Applicable

		Current Report	Last Previous Report
20	*Furnish the following fiscal year-to-date information as reported in the latest internal financial statements:*		
	A. Cumulative net profit (loss) applicable to the current fiscal year	$ (2,861,000)	$ (1,162,000)
	B. Number of fiscal months to which the cumulative net profit (loss) applies	2	1

NAME OF RESPONDENT ORGANIZATION Francis I. duPont & Co.

SIGNED BY _____
(CHIEF EXECUTIVE)

AND _____
(MEMBER OR ALLIED MEMBER IN CHARGE OF OPERATIONS)

DATE _____

ALL QUESTIONS MUST BE ANSWERED. STATE "NONE" OR "NOT APPLICABLE" AS APPROPRIATE. IF ANSWER IS [illegible]

Deft. NYSE Ex. C, pp. 602a-610a
602a

NAME OF RESPONDENT ORGANIZATION		COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 5/31/
FRANCIS I. duPONT & CO.		LAST PREVIOUS REPORT DATE: 4/30/70

SEC. DEFT. 1113 EX # 15 IN EV FOR ID
WIT. DATE 5-29-75
BAR ASS'N. REPORTING SERVICE

VLR DEFT. NYSE EX # C IN EV FOR ID

		Current Report	Last Previous Report
1	*Summarize the results of the latest computation made of the Ratio of Aggregate Indebtedness to Net Capital in accordance with Rule 325:*		
A.	Date as of which computation was made	6/11/70	5/7/70
B.	Amount of Aggregate Indebtedness	$ 249.337,000	$ 260,337,000
C.	Amount of Net Worth (excluding Subordinated Borrowings)	$ 40,100.000	$ 44,775,000
D.	Net Value of Securities in Proprietary accounts	$ 50,547,000	$ 81,681,000
E.	Amount of Subordinated Borrowings	$ 12,376,000	$ 13,333,000
F.	Net Value of Securities in Subordinated Accounts	$ None	$ None
G.	Amount of Net Capital	$ 14,675,000	$ 18,715.000
H.	Ratio of Aggregate Indebtedness to Net Capital	1699 %	1391 %
I.	Amount of Net Capital in Excess of (or Less than) Minimum Requirements	$ 2,208,000	$ 5,698,000
2	*Furnish the following information as of the date shown in answer to question 1A above:* (A)		
A.	Unresolved stock record difference positions with no known related ledger amounts:		
1.	Total number thereof	7.146	7.252
2.	Total LONG market value thereof	$ 8,804,368	$ 9,021.199
3.	Total SHORT market value thereof	$ 9.654,961	$ 10,732,441
4.	Were the LONG values ignored in the capital computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☒ NO ☐
5.	Were the SHORT values charged to capital in the capital computation summarized in answer to question 1?	YES ☐ NO ☒	YES ☐ NO ☒
B.	Ledger amounts comprising SUSPENSE ITEMS and/or DIFFERENCE AMOUNTS with no known related securities positions:		
1	Total number of such SUSPENSE ITEMS and DIFFERENCE AMOUNTS	1,091	1.106
2.	Total of such ledger DEBIT amounts	$ 127,040	$ 107,002
3.	Total of such ledger CREDIT amounts	$ 691,014	$ 673.177
4.	Were these amounts considered in the capital computation summarized in answer to question 1?	YES ☐ NO ☒	YES ☐ NO ☒

RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 5/31/70
FRANCIS I. duPONT & CO.	LAST PREVIOUS REPORT DATE: 4/30/70

		Current Report	Last Previous Report
2 cont	C. Ledger amounts comprising SUSPENSE ITEMS with known related securities positions:		
	1. Total number of such SUSPENSE ITEMS	2	1
	2. Total of such ledger DEBIT amounts	$ 7,500	$ 7,500
	3. Total of such ledger CREDIT amounts	$ 10,250	$ None
	4. Total market value of LONG securities positions related to SUSPENSE ITEMS	$ 7,500	$ 7,500
	5. Total market value of SHORT securities positions related to SUSPENSE ITEMS	$ 10,250	$ None
	6. Were these balances and market values considered in the capital computation summarized in answer to question 1?	YES ☐ NO ☒	YES ☐ NO ☒
	D. Dividends, rights and similar distributions receivable outstanding 30 days and longer:		
	1. Total ledger amounts of such distributions receivable in cash	$ 4,365,595	$ 4,361,170
	2. Total market value of such distributions receivable in stock, rights, etc.	$ 5,081,400	$ 5,699,306
	3. Were the total ledger amounts and market values charged to capital in the computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☒ NO ☐

NOTES: 1. SUSPENSE ITEMS represent individually identifiable transactions which have not been cleared up in the normal course of business. They may have known related LONG or SHORT securities positions.

2. DIFFERENCE AMOUNTS represent currently unidentified items and may have been required to balance daily general ledger activity. They have no known related LONG or SHORT securities positions.

(B) Counts made related only to audit count differences.

3 (B) Furnish the information requested with respect to counts made since the last previous Special Operations Questionnaire was filed:	Current Report: Date	Per Cent of Total Positions Counted	Number of Unresolved Differences	Market Value of Unresolved Differences: Long	Short
A. Securities:					
1. Securities in active box	None	N/A %	N/A	$ N/A	$ N/A
2. All other securities recorded as being in physical possession	None	N/A %	N/A	$ N/A	$ N/A
B. Open transfer items counted and compared to stock record	None	N/A %	N/A	$ N/A	$ N/A
	Last Previous Report				
A. Securities:					
1. Securities in active box	None	N/A %	N/A	$ N/A	$ N/A
2. All other securities recorded as being in physical possession	None	N/A %	N/A	$ N/A	$ N/A

...ORGANIZATION

FRANCIS I. duPONT & CO.

COMBINED REPORT OF ... ORGANIZATION FOR THE MONTH ENDED 5/31/70

LAST PREVIOUS REPORT DATE: 4/30/70

7	Furnish the information called for with respect to the latest proofs taken of the following accounts:	Current Report			
		Date	Totals of Detail Records	Balances in Control Accounts	Differences
	A. Customer accounts	5/31/70	$ 112,713,274	$ 112,718,274	$ None
	B. Fail to receive	5/31/70	$ 16,231,000	$ 16,231.000	$ None
	C. Fail to deliver	5/31/70	$ 6,152,000	$ 6,152.000	$ None
	D. Stocks borrowed	5/31/70	$ 3,871,260	$ 3,871,260	$ None
	E. Stocks loaned	5/31/70	$ 14,263,511	$ 14,250,963	$ 12,548
		Last Previous Report			
	A. Customer accounts	4/30/70	$ 138,021,383	$ 138,021,383	$ None
	B. Fail to receive	4/30/70	$ 18,441,000	$ 18,441,000	$ None
	C. Fail to deliver	4/30/70	$ 6,917,000	$ 6,917,000	$ None
	D. Stocks borrowed	4/30/70	$ 3,723,974	$ 3,723,974	$ None
	E. Stocks loaned	4/30/70	$ 15,583,635	$ 15,598,895	$ 15,260

NOTE: DETAIL RECORDS consist of the supporting documents and/or ledgers which support the balances recorded in related general ledger control accounts. For example, the detail records supporting the general ledger customer control account are the customer ledgers; and those supporting the general ledger fail control accounts are the fail units maintained in the Cage and related EDP tape or card files.

8	Furnish the following information as of month end:	Current Report	Last Previous Report
	A. Number of securities positions with unresolved stock record breaks.	11 (C)	17
	B. Total market value of unresolved STOCK RECORD BREAKS:		
	1. LONG	$ 12,579	$ 12,632
	2. SHORT	$ 9,484	$ 72,870

NOTE: STOCK RECORD BREAKS refer to out of balance securities positions on the stock record which are created by the daily recording of securities movements.

(C) 497 Breaks appear on our preliminary closing run the evening of 5/29/70. All but 11 cleared up by 6/1/70.

CORRESPONDENT ORGANIZATION

ANCE I. duPONT & CO.

COMBINED REPORT OF ALL [illegible] ORGANIZATION FOR THE MONTH ENDED 5/31/[illegible]

LAST PREVIOUS REPORT DATE: 4/30/70

6 Furnish the information requested with respect to reconciliations performed in connection with the following items since the last previous Special Operations Questionnaire was filed:

		Date	% of Total Positions Conf'd. & Reconciled	Number of Unresolved Differences	Market Value of Unresolved Differences: Long	Market Value of Unresolved Differences: Short
Current Report						
A.	Collateral items confirmed with banks and compared to stock record	6/18/70	100 %	None	$ None	$ None
B.	Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	5/30/70	100 %	None	$ None	$ None
C.	Fails to deliver confirmed and compared to stock record	5/30/70	100 %)Confirm 100)Comparison	DK's Diff.	$	$ 21 40
D.	Fails to receive confirmed and compared to stock record	5/30/70	100 %)Confirm 100)Comparison	DK's Diff.	$	$ 21 33
E.	Stocks borrowed confirmed and compared to stock record	5/29/70	100 %)Confirm 100)Comparison	DK's Diff.	$	$ None 1
F.	Stocks loaned confirmed and compared to stock record	5/29/70	100 %)Confirm 100)Comparison	DK's Diff.	$	$ None 12
Last Previous Report						
A.	Collateral items confirmed with banks and compared to stock record	5/12/70	100 %	None	$ None	$ None
B.	Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	4/30/70	100 %	None	$ None	$ None
C.	Fails to deliver confirmed and compared to stock record	4/30/70	100 %)Confirm 99)Comparison	DK's Diff.	$	$ 26 85
D.	Fails to receive confirmed and compared to stock record	4/30/70	100 %)Confirm 99)Comparison	DK's Diff.	$	$ 53 73
E.	Stocks borrowed confirmed and compared to stock record 1 1 / 2 2	2/27/70 4/30/70	100 %)Confirm 100)Comparison	DK's Diff.	$	$ None None
F.	Stocks loaned confirmed and compared to stock record 1 1 / 2 2	2/27/70 4/30/70	100 %)Confirm 100)Comparison	DK's Diff.	$	$ None [illegible]

7 A. Furnish the following information on unsecured accounts of customers at month-end:

* & Brokers

	Current Report	Last Previous Report
1. Total number of accounts	5,145	5,345
2. Total ledger DEBIT balances	$ 2,620,371	$ 2,576,053
3. Total market value of SHORT securities positions	$ 1,781,502	$ 2,070,294
B. Furnish the following information on unsecured accounts of brokers at month-end:		
1. Total number of accounts	*	*
2. Total ledger DEBIT balances	$ *	$ *
3. Total market value of SHORT securities positions	$ *	$ *

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 5/31/70
FRANCIS I. duPONT & CO.	LAST PREVIOUS REPORT DATE: 4/30/70

		Current Report	Last Previous Report
C	*Furnish the following information on bank accounts and related bank statements:*		
	A. Latest date, prior to the report date, as of which ALL bank accounts has been reconciled	4/30/70	3/31/70
	B. Total amount of unidentified reconciling items which could eventually require adjustment of respondent's profit and loss accounts as:		
	1. DEBITS	$ 45,000	$ 45,000
	2. CREDITS	$ 1,400	$ 1,400
	NOTE: DEBIT and CREDIT amounts applicable to unidentified reconciling items should be shown separately. They should NOT be netted and shown as a single amount.		
D	*With respect to clearing arrangements:*		
	A. If the respondent clears through other brokerage organizations, state:		
	1. Latest date, prior to the report date, to which omnibus accounts carried for the respondent by clearing broker had been reconciled	N/A	N/A
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ N/A	$ N/A
	(b) CREDITS	$ N/A	$ N/A
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ N/A	$ N/A
	(b) SHORT	$ N/A	$ N/A
	B. If the respondent clears for other brokerage organizations, state the number thereof	N/A	N/A

[illegible] ORGANIZATION [illegible] E. duPONT & CO.	COMBINED REPORT OF ALL O[illegible] ORGANIZATION FOR THE MONTH ENDED: 5/31/[illegible] LAST PREVIOUS REPORT DATE: 4/30/70

		Current Report	Last Previous Report
9	With respect to clearing arrangements:		
	C If the respondent clears through the Stock Clearing Corporation's direct [illegible] facilities, state:		
	1. Latest date, prior to report date, to which the omnibus account carried for the respondent by the Stock Clearing Corporation had been [illegible]	N/A	N/A
	2. Total amount of unresolved reconciling items:		
	(a) DEBITS	$ N/A	$ N/A
	(b) CREDITS	$ N/A	$ N/A
	3. Total market value of unresolved reconciling items:		
	(a) LONG	$ N/A	$ N/A
	(b) SHORT	$ N/A	$ N/A
	NOTE DEBIT and CREDIT amounts and LONG and SHORT market values applicable to unresolved reconciling items should each be shown separately		

10	State the average number of TRADES executed per trading day of the month, for customers, other brokers and the respondent in each of the following markets:		
	A. New York Stock Exchange	3,018	2,162
	B. All other securities exchanges	1,204	1,092
	C. Over the Counter	811	666
	D. Other:	459	560
	Totals	5,492	4,480

NOTES: 1 TRADES consist of the buying and selling activities under taken for customers, other brokers and the respondent's proprietary accounts, which result in the issuance of confirmations and/or which require clearance of other settlement activities on the part of the respondent. Transactions cleared or settled for correspondents should be included in determining the average number of trades, an order for the purchase (or sale) of, say, 500 shares, executed at 200 shares at 25 and 300 shares at 26¼, should be considered as two trades.

2. If the information as requested in this section does not present a distorted representation of the respondent's business, the "Other" category may be omitted into significant components, such as Underwritings, Specialist clearances, Corporate bond clearances, and so forth.

3 Transactions included in the "Other" category (10 D) should be excluded from the categories of New York Stock Exchange, All other securities exchanges, and Over the Counter.

1. duPONT & CO.

COMBINED REPORT OF ALL OFFICES OF REPORTING ORGANIZATION FOR THE MONTH ENDED 3/31/

LAST PREVIOUS REPORT DATE: 4/30/70

		Current Report	Last Previous Report
11	State the average number, per trading day of the month:		
	A. Of UNCOMPARED TRADES and ADVISORY TRADES	445	330
	B. Of corrected or cancelled trades (If a correction and a cancellation apply to the same trade, include them as a single item only)	123	168

NOTES: 1. An UNCOMPARED TRADE is one (a) which is reflected ordinarily on the respondent's blotter than on the contra broker's blotter as revealed by contract sheets in the case of clearing house transactions, or (b) for which the contra broker DK's the respondent's broker comparison, or for which the respondent DK's the contra broker's comparison, in the case of Over the Counter transactions.

2. An ADVISORY TRADE is one which is reflected on the contra broker's blotter only, and not on the respondent's blotter as revealed by contract sheets, in the case of clearing house transactions.

12	State the number over 30 days old at month end, of open transfer items:		
	A. Being transferred by the respondent's organization	6,097	8,035
	B. Being transferred by other brokerage organizations for the respondent	136	177
	C. Being transferred by the Stock Clearing Corporation's direct mail clearance facilities for the respondent	N/A	N/A
13	State the number, more than 30 days old at month end, of open instructions to deliver customer securities. (Include transfer instructions not yet matched with securities and sent to transfer agents as well as other types of instructions which have not been delivered.)	3,725	4,196
14	Estimate the average per day of the month, for the following:		
	A. Securities delivered to other brokers returned unaccepted (DK's):		
	1. Number of items	25	30
	2. Percentage of such items to total items presented to brokers for delivery	1.4 %	%
	B. Securities delivered against payment to banks returned unaccepted:		
	1. Number of items	28	27
	2. Percentage of such items to total items presented to banks for delivery	6 %	7.2

NOTE: With respect to securities delivered to other brokers through clearing houses, a cash buyer balance order should be considered as an individual item in determining the base for estimating the average percentage of unaccepted items delivered to total items delivered.

609a

FIRM ORGANIZATION: FRANCIS I. duPONT & CO.

COMBINED REPORT OF ALL ORGANIZATION FOR THE MONTH ENDED: 5/31/

LAST PREVIOUS REPORT DATE: 4/30/70

		Current Report	Last Previous Report
15	State the number of calendar days after the month end or other cutoff date required for the preparation and mailing of customer statements	5 (D)	3
16	State the latest date prior to the report date for which internal FINANCIAL STATEMENTS had been issued to capital contributors (E)	12/31/69	12/31/69
	NOTE: FINANCIAL STATEMENTS include, as a minimum, a Statement of Income or Loss and a Statement of Financial Position.		
17	State the number of business days after the end of the month required to complete the normal daily posting of the following:		
	A. General ledger		
	B. Customer and broker accounts	Done Daily For	
	C. Stock record	That Day's Business	
	D. Margin records		
18	A. State the number, at month end, of PRODUCING PERSONNEL (Those who devote less than the full trading day to production work should be included on an equivalent basis, e.g., ½, ¼ etc.)	1,381	1,382
	B. State the number, at month end, of personnel undergoing Registered Representative training	88	85
	C. State the total number of operations personnel employed in the Wire and Order, Purchases and Sales, Cashiering, Stock Record, Margin, Dividends, Accounting and Data Processing departments	882	1,031
	D. State the number of personnel on your full time internal audit staff	23	23
	E. Is an outside service bureau used for daily recordkeeping activities?	YES ☐ NO ☒	YES ☐ NO ☒
	F. State the approximate number of operations personnel who are attending formal operations training courses at the present time:		
	1. Internal courses	25	21
	2 External courses	20	23
	NOTE: PRODUCING PERSONNEL, for the purpose of this questionnaire, represent those, including partners or officers, who accept orders to execute trades		

(D) Due to Mechanical Problems. Print time extended a day and a half beyond normal.
(E) P & L distributed monthly to general partners.

RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OF ... ORGANIZATION FOR THE MONTH ENDED: .../31/...
FRANCIS I. duPONT & CO.	LAST PREVIOUS REPORT DATE: 4/30/70

		Current Report
19	A. Attach a statement identifying any major organization or system changes (for example, introduction or expansion of internal audit staff, long range planning staff, etc., conversion to computer or service bureau systems) instituted since filing the latest Special Operations Questionnaire. Include similar changes now being planned for implementation within the next 6 months and not previously reported. Provide details regarding reasons for each change and target dates for the start and completion of each change.	☐ Statement Attached ☑ Not Applicable
	B. Attach a statement giving brief progress reports on all previously reported changes now in progress, or completed or abandoned since the last previous report.	☐ Statement Attached ☑ Not Applicable

		Current Report	Last Previous Report
20	*Furnish the following fiscal year-to-date information as reported in the latest internal financial statements:*		
	A. Cumulative net profit (loss) applicable to the current fiscal year	$ (9,775,000)	$ (7,[illegible],000)
	B. Number of fiscal months to which the cumulative net profit (loss) applies	5	1

NAME OF RESPONDENT ORGANIZATION Francis I. duPont & Co.

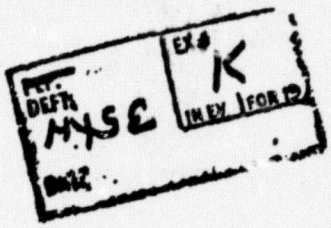
SIGNED BY _____
(CHIEF EXECUTIVE)

AND _____
(MEMBER OR ALLIED MEMBER IN CHARGE OF OPERATIONS)

DATE _____

ALL QUESTIONS MUST BE ANSWERED. STATE "NONE" OR "NOT APPLICABLE" AS APPROPRIATE IF THERE IS NOTHING TO

B.E
Deft. Exh. For ID 2
Plf. Exh. In EV
Ruth Gross
Doyle Reporting Inc.
5/9/74



July 10, 1970

Mr. Edward du Pont
E. I. du Pont, Glore Forgan & Co.
1 Wall Street
New York, New York

Dear Mr. du Pont:

You are undoubtedly aware that members of the Exchange staff have had various conversations with several of the senior partners of your firm relative to the capital position of the proposed firm of E. I. du Pont, Glore Forgan & Co. As indicated to you in previous discussions, the proposed firm would be eligible for private firm and would be subordinated at the required levels under substantial loans to cover the needs of several partners.

In this connection we would like to receive assurance in a letter signed by each member of your firm's Finance Committee that, immediately following determination of a month-by-month plan, every effort will be made by each member of the Committee to secure additional capital in an amount not less than the determined subordination 10 days of such determination.

Very truly yours,

Fred J. Stock, Jr.

Fred J. Stock, Jr.
Assistant Vice President

BEST COPY AVAILABLE

612a
[retyped copy]

SE 2-1
Deft. Exh. For ID .....
Plf. Exh. In Ev .....
Ruth Gross
Doyle Reporting Inc.
5/9/74

July 10, 1970

Mr. Edmond du Pont
F. I. du Pont, Glore Forgan & Co.
1 Wall Street
New York, New York

Dear Mr. du Pont:

You are undoubtedly aware that members of the Exchange staff have had various conversations with several of the senior partners of your firm relative to the capital position of the merged firm of F. I. Du Pont, Glore Forgan & Co. I believe we are in agreement that the projected Excess Net Capital is rather thin and would be endangered if the merged operations showed substantial losses over the next several months.

In this connection we would like to receive assurance in a letter signed by each member of your firm's Finance Committee that, immediately following determination of a monthly operations loss, every effort will be made by each member of the Committee to secure additional capital in an amount not less than the determined loss within 30 days of such determination.

Very truly yours,

Fred J. Stock, Jr.

Fred J. Stock, Jr.
Assistant Vice President

PJChenet:db

Deft. NYSE Ex. M, pp. 613a-617a
613a

Form AD-3

(Short Form- To bring previous allied member or non-member application up to date.)

NYSE EX M Ident

NEW YORK STOCK EXCHANGE

SC
Deft. Exh. For ID 3
~~Ptf. Exhs. In EV~~
Ruth Cross
Doyle Reporting Inc.
5/8/74

Application of Marshall S. Mundheim as

- ☐ An Allied Member of the New Stock Exchange (Further qualify):
  - ☒ a general partner in a member firm
  - ☐ a director who is an employee of the member corporation and a holder of voting stock
  - ☐ a principal executive officer of the member corporation and a holder of voting stock
  - ☐ an employee of the member corporation holding 5% or more of its outstanding voting stock
- ☐ An Approved Person (Further qualify):
  - ☐ non-employee director
  - ☐ non-employee holder of 5% or more of the outstanding voting stock of the member corporation.
- ☐ A holder of voting stock and not an allied member and not an approved person
- ☐ A holder of non-voting stock
- ☐ A holder of debentures
- ☐ A limited partner
- ☐ (other) _____

of the member organization of F.I. duPont, Glore Forgan & Co.

to be effective July 2, 1970

Address at which applicant will make his office One Wall St. NY, NY

Applicant's home address 184 East 64 St. New York, NY 10021

In answering the following statements, give full details, using separate signed sheets or letter of explanation, if necessary.

1. Since July 1, , 1952, the date of my previous application I have been engaged in business as follows:

(Date)	to (Date)	(Organization and position held)
July 1, 1952	July 2, 1970	Hirsch & Co. - General Partner
	to	

ALL BUSINESS CONNECTIONS NOT SHOWN IN STATEMENT 1 MUST BE SHOWN IN ANSWER TO STATEMENT 2.

N.B. In statement 2, the term "controlling" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise. (Securities Exchange Act of 1934, Sec. 12).

2. (a) I am at present a proprietor, partner, director, officer, controlling person, employee, or member of the following business organizations, other than shown in my answer to statement 1 (Give full details including address, type of business, date connection was established, position held, amount of time devoted thereto and compensation received.)

no

(b) I have or have had a financial or controlling interest (through direct or indirect stock or bond ownership, through outstanding loans, or otherwise) in the following companies engaged in a securities or financial or kindred business. (Give full details using separate letter, if necessary):

no

(c) I have been, since the date of my previous application, a proprietor, partner, director, officer, controlling person, employee, or member of the following business organizations: (Give dates of connection, type of business, address and position held.)

no

3. (a) I have, or have had, since the date of my previous application, transactions with the following brokerage houses, either in my own name or in another style: (Give addresses. State style used for transactions not conducted in own name.)

no

(b) I have, or have had, since the date of my previous application, accounts or other dealings (including loans granted or denied) with the following banks or other financial organizations, either in my own name or in another style: (Give addresses. State style used for accounts or loans not carried in own name.)

no

ANSWER "YES" OR "NO" TO QUESTIONS 4 THROUGH 14 COVERING THE PERIOD SINCE THE DATE OF PREVIOUS APPLICATION

4. Have you used or been known by any name or style other than as shown above? — no

5. (a) Have you been refused a bond by a surety company? — no

(b) Has any surety company paid out any funds on your coverage or cancelled your coverage? — no

6. Have your services been terminated by any employer? — no

7. In your business connections or employment in any capacity, has any transaction under your attention been the subject of a written complaint or legal or arbitration proceedings? — no

8. (a) Have you ever been a member, or associated as a principal with a member, of any securities or commodity exchange other than the New York Stock Exchange? — yes

(b) Have you ever been a member, or associated as a principal with a member, of the National Association of Security Dealers, Inc., or any other association of security or commodity brokers, dealers, investment bankers or investment advisors?

(c) Has any application for your approval by any exchange or association, as a member or otherwise, been denied or withdrawn? — yes

(d) Have you ever been associated (as a principal, employee or otherwise) with any organization which, or a principal of which was refused membership or withdrew an application for membership in any exchange or association? — no

9. (a) Have you ever been investigated, expelled, suspended, fined, censured, or otherwise disciplined by the Securities and Exchange Commission, any State Securities Commission, the National Association of Securities Dealers, Inc. or any other securities or commodity exchange or association? — no

(b) Have you ever associated (as a principal, employee or otherwise) with any organization which, or a principal of which was investigated, expelled, suspended, fined, censured, or otherwise disciplined by such an exchange, association, or securities commission? — no

10. (a) Have you ever been denied a license, franchise, permit, certificate or registration required to engage in the securities, commodities, or any other business or profession? — no

(b) Has any such license, franchise, permit, certificate or registration which you have held been suspended or revoked? — no

(c) Have you ever been prohibited, temporarily or otherwise, from engaging in the securities, commodities, or any other business or profession, or from dealing in any particular security or commodity? — no

(d) Have you ever been associated with any organization which, or a principal of which, has been prohibited from engaging in any business or profession or from dealing in any particular security or commodity, or whose license, franchise, permit, certificate or registration required to engage in any business or profession has been denied, suspended or revoked? — no

11. (a) Have you ever been arrested for, or formally charged with, or convicted of the violation of any criminal law (other than minor traffic violations) or have you been the subject of a court-martial or other form of military proceeding? — no

(b) Are you now or have you ever been involved as a party or witness in any trial or proceeding before a civil or criminal court, an arbitration tribunal, an administrative agency, a court martial or other regulatory body? — no

12. Have any suits, judgments, liens (including tax liens), attachments or other encumbrances been taken or filed against you? — no

13. Have you, or any organization with which you have been associated, failed in business, made a compromise with or an assignment for the benefit of creditors, taken advantage of any Exemption Law, or been a party to any voluntary or involuntary bankruptcy or insolvency proceeding? — no

14. Have you been fingerprinted in accordance with the law governing securities personnel in your State? (if not applicable, please state) — yes

IF YOUR ANSWER TO ANY OF QUESTIONS 4-13 IS "YES," PLEASE GIVE FULL DETAILS (Attach separate signed sheets):

Question No.

8 a	NY Cocoa, NY Mercantile, Natl Stock, Chicago Mercantile, Commodity (Hirsch & Co.)
8 b	National Asso. of Security Dealers, Inc. (Hirsch & Co.)
14	As a General Partner of Hirsch & Co.

15. My net worth (including equities in real estate, securities and other property) is in excess of $ 900,000.-.

16. I. The following is applicable only to partnerships:

(a) I (will) (~~will not~~) make a capital contribution to the firm of ($ 700,000 in cash) ($ 200,000 in market value of securities) at 5 % interest; on part and the prime rate plus 2-1/2% on part.

(b) I will share in 2 % of profits and 2 % of losses. (3rd 1/2 %)

(c) I will have a drawing account as a charge against my interest in profits of $ none per _____; or

(d) I will have a salary in addition to my interest in profits of $ 36,000.- per annum.

II. The following is applicable only to corporations:

(a) I (will) (will not) (do) own _____ shares of voting stock representing _____% of the outstanding voting stock of the corporation for which I (will pay) (paid) $_____. Please indicate the date of this transaction; _____.

( ) I (will) (will not) (do) own _____ shares of non-voting stock representing _____% of the non-voting stock of the corporation for which I (will pay) (paid) $_____. Please indicate the date of this transaction: _____.

(c) I (will) (will not o) own (_____ debentures bearing _____% interest for which I (will pay) (paid) $_____.) (_____ participating debentures bearing _____% interest for which I (will pay) (paid) $_____.).

(d) I will have a salary of $_____ per _____.

(e) I (will) (will not) be a director of the corporation.

(f) I (will) (will not) be an officer of the corporation. (State title to be held.) _____

(g) I (will) (will not) be a principal executive officer of the corporation. A principal executive officer must indicate his area or areas of executive responsibility. _____

Remaining questions applicable to all applicants:

17. (a) I (will) (will not) make a subordinated loan to the member organization of $_____ in (cash) (market value of securities), for which I will receive interest at the rate of _____%. The subordinated loan will expire _____.

(b) I (will) (will not) subordinate my claim to the equity as it now and hereafter stands in my account(s) with the organization captioned _____. At the present time, such account(s) (has) (have) a (debit) (credit) balance of $_____and long securities with a market value of $_____. As compensation therefore, I will receive interest at the rate of $ _____%. The subordination of my claim will expire _____.

(c) I (will) (will not) become a contributor of a secured demand [illegible]

July 1, 1970

(b) Note for $70,000. - to the order of Marie L. Mundheim (wife) which expires on June 7, 1971 - signed by me - No collateral.

Marshall S. Mundheim

[illegible], dated and annexed hereto.)

19. The nature of my activities with the member organization will be: (If you are not an employee of the member organization, briefly explain the nature of any direct or indirect business dealings you have had or contemplate having with the member organization.) Foreign offices -- General Partner

20. I intend to devote my time exclusively to the business of the member organization (except as follows): yes

IMPORTANT

The following section must be executed by all applicants in connection with the proposal outlined herein:

This application for approval by the Board of Governors is not being made in reliance upon the standing of the above named organization as a member organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of such organization or its capital position. I have made an investigaiton of such member organization and its partners, officers, directors and stockholders as I deem necessary and appropriate under the circumstances, including an examination of the latest certified audit by Haskins & Sells (Name of Auditor) dated 9/28/69 and a recent computation of net capital prepared by the member organization dated 4/30/70 (Date). I am not relying upon the Exchange to provide any information concerning or relating to such member organization and agree that the Exchange has no responsibility to disclose to me any information concering or relating to such member organization which it may now, or at any future time, have. I agree for myself, my personal representatives, successors and assigns that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of said Exchange or Fund shall be liable to me with respect to my investment or interest in such member organization or with respect to any repayment of any such investment.

The applicant, in signing this application, agrees to abide by the Constitution and Rules of the Board of Governors of the New York Stock Exchange as the same have been or shall be from time to time amended and as the same shall apply to him, this agreement to become effective in the event of the approval by the New York Stock Exchange of this application. Moreover, it is clearly understood and agreed that the proposal outlined herein and in every supplementary sheet attached hereto may not become effective until it is approved by the Board of Governors of the New York Stock Exchange.

The applicant agrees that (1) if any share of stock of the member corporation which is not a freely transferable security should at any time be acquired, held or owned by a person not approved by the Exchange, except the estate of a deceased stockholder for such period as may be allowed by the Exchange, or (2) if any person required to be approved by the Exchange as an approved person fails or ceases to be so approved, or (3) if any stockholder should violate his agreement with the Exchange, the member corporation may be deprived by the Exchange of all the privileges of a member corporation.

*The applicant also agrees to comply with Rule 312(c) and Rule 313(b) and such other provisions of the Constitution and the Rules of the Board of Governors relating to approved persons as shall from time to time be in effect. The applicant agrees promptly to notify the Exchange, so long as it remains an approved person, of any acquisition or disposition by it of any security of such member corporation.

The applicant agrees that the approval of this application by the New York Stock Exchange may be withdrawn if, in the opinion of the Exchange the applicant has:

(1) violated any provision of the Constitution or of any rule adopted by the Board of Governors applicable to it as the same may be from time to time in effect;

(2) violated any of its agreements with the Exchange;

(3) made any misstatements to the Exchange; or

(4) been guilty of (i) conduct inconsistent with just and equitable principles of trade, (ii) acts detrimental to the interest or welfare of the Exchange, or (iii) conduct contrary to an established practice of the Exchange.*

I further state that I have read the Constitution and Rules of the Board of Governors of the New York Stock Exchange and I hereby pledge myself to abide by the Constitution and Rules of the Board of Governors of the New York Stock Exchange as the same have been or shall be from time to time amended.

The language enclosed in single asterisks (*) applies only to approved persons. While the language enclosed in double asterisks (**) applies only to proposed allied members. The language not enclosed by asterisks applies to all applicants.

Date July 1, 1970

Signature of Applicant

State of New York
County of New York } ss.:

On the 1st day of July, in the year 1970

Before me personally came Marshall S. Mandlin to me known, and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

Elsie Slattery

ELSIE SLATTERY
Notary Public, State of New York
No. 31-[illegible]503
Qualified in New York County
Certificate filed in New York County
Commission Expires March 30, 1972

Note: If executed outside of New York State, attach Certificate of County Clerk or other appropriate official as to the authority of the Notary Public or other official taking the acknowledgment.

Form AD-3

(Short Form—To bring previous allied member or non-member application up to date.)

NYSE Ex. Q

Deft. NYSE Ex. Q, pp. 618a-622a
618a

Deft. Exh. For ID 3
Plf. Exh. In EV
Charles Shapiro 4/1/74
Doyle Reporting Inc.

NEW YORK STOCK EXCHANGE

Application of Howard C. Hirsch as

- ☐ An Allied Member of the New Stock Exchange (Further qualify):
  - ☐ a general partner in a member firm
  - ☐ a director who is an employee of the member corporation and a holder of voting stock
  - ☐ a principal executive officer of the member corporation and a holder of voting stock
  - ☐ an employee of the member corporation holding 5% or more of its outstanding voting stock
- ☐ An Approved Person (Further qualify):
  - ☐ non-employee director
  - ☐ non-employee holder of 5% or more of the outstanding voting stock of the member corporation.
- ☐ A holder of voting stock and not an allied member and not an approved person
- ☐ A holder of non-voting stock
- ☐ A holder of debentures
- ☒ A limited partner
- ☐ (other) _____

of the member organization of F. I. duPont, Glore Forgan & Co.

to be effective July 2, 1970

Address at which applicant will make his office 25 Broad Street, New York, N. Y. 10004

Applicant's home address 111 East 56th Street, New York, N. Y. 10022

In answering the following statements, give full details, using separate signed sheets or letter of explanation, if necessary.

1. Since 1/2, 19 28, the date of my previous application I have been engaged in business as follows:

(Date)	(Date)	(Organization and position held)
1/2/28	Present	Hirsch & Co. General Partner

ALL BUSINESS CONNECTIONS NOT SHOWN IN STATEMENT 1 MUST BE SHOWN IN ANSWER TO STATEMENT 2.

N.B. In statement 2, the term "controlling" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise. (Securities Exchange Act of 1934, Sec. 12).

2. (a) I am at present a proprietor, partner, director, officer, controlling person, employee, or member of the following business organizations, other than shown in my answer to statement 1 (Give full details including address, type of business, date connection was established, position held, amount of time devoted thereto and compensation received.)

None

(b) I have or have had a financial or controlling interest (through direct or indirect stock or bond ownership, through outstanding loans, or otherwise) in the following companies engaged in a securities or financial or kindred business. (Give full details using separate letter, if necessary):

None, except subsidiaries or affiliates of Hirsch & Co., of which details on file with the New York Stock Exchange.

(c) I have been, since the date of my previous application, a proprietor, partner, director, officer, controlling person, employee, or member of the following business organizations: (Give dates of connection, type of business, address and position held.)

Details on file with the New York Stock Exchange.

3. (a) I have, or have had, since the date of my previous application, transactions with the following brokerage houses, either in my own name or in another style: (Give addresses. State style used for transactions not conducted in own name.)

None

(b) I have, or have had, since the date of my previous application, accounts or other dealings (including loans granted or denied) with the following banks or other financial organizations, either in my own name or in another style: (Give addresses. State style used for accounts or loans not carried in own name.)

None, other than as Executor or Trustee, and checking accounts.

ANSWER "YES" OR "NO" TO QUESTIONS 4 THROUGH 14
COVERING THE PERIOD SINCE THE DATE OF PREVIOUS APPLICATION

4. Have you used or been known by any name or style other than as shown above? — No

5. (a) Have you been refused a bond by a surety company? — No

(b) Has any surety company paid out any funds on your coverage or cancelled your coverage? — No

6. Have your services been terminated by any employer? — No

7. In your business connections or employment in any capacity, has any transaction under your attention been the subject of a written complaint or legal or arbitration proceedings? — No

8. (a) Have you ever been a member, or associated as a principal with a member, of any securities or commodity exchange other than the New York Stock Exchange? — Yes, as on file with the N. Y. Stock Exchange

(b) Have you ever been a member, or associated as a principal with a member, of the National Association of Security Dealers, Inc., or any other association of security or commodity brokers, dealers, investment bankers or investment advisors? — " " "

(c) Has any application for your approval by any exchange or association, as a member or otherwise, been denied or withdrawn? — No

(d) Have you ever been associated (as a principal, employee or otherwise) with any organization which, or a principal of which was refused membership or withdrew an application for membership in any exchange or association? — No

9. (a) Have you ever been investigated, expelled, suspended, fined, censured, or otherwise disciplined by the Securities and Exchange Commission, any State Securities Commission, the National Association of Securities Dealers, Inc. or any other securities or commodity exchange or association? — If so, as on file with the N. Y. Stock Exchange

(b) Have you ever associated (as a principal, employee or otherwise) with any organization which, or a principal of which was investigated, expelled, suspended, fined, censured, or otherwise disciplined by such an exchange, association, or securities commission? — No

10. (a) Have you ever been denied a license, franchise, permit, certificate or registration required to engage in the securities, commodities, or any other business or profession? — No

(b) Has any such license, franchise, permit, certificate or registration which you have held been suspended or revoked? — No

(c) Have you ever been prohibited, temporarily or otherwise, from engaging in the securities, commodities, or any other business or profession, or from dealing in any particular security or commodity? — No

(d) Have you ever been associated with any organization which, or a principal of which, has been prohibited from engaging in any business or profession or from dealing in any particular security or commodity, or whose license, franchise, permit, certificate or registration required to engage in any business or profession has been denied, suspended or revoked? — No

11. (a) Have you ever been arrested for, or formally charged with, or convicted of the violation of any criminal law (other than minor traffic violations) or have you been the subject of a court-martial or other form of military proceeding? — No

(b) Are you now or have you ever been involved as a party or witness in any trial or proceeding before a civil or criminal court, an arbitration tribunal, an administrative agency, a court martial or other regulatory body? — No

12. Have any suits, judgments, liens (including tax liens), attachments or other encumbrances been taken or filed against you? — No

13. Have you, or any organization with which you have been associated, failed in business, made a compromise with or an assignment for the benefit of creditors, taken advantage of any Exemption Law, or been a party to any voluntary or involuntary bankruptcy or insolvency proceeding? — No

14. Have you been fingerprinted in accordance with the law governing securities personnel in your State? (if not applicable, please state) — Yes

IF YOUR ANSWER TO ANY OF QUESTIONS 4-13 IS "YES," PLEASE GIVE FULL DETAILS (Attach separate signed sheets):

Question No.	

15. My net worth (including equities in real estate, securities and other property) is in excess of $ 500,000.

16. I. The following is applicable only to partnerships:

(a) I (will) (will not) make a capital contribution to the firm of ($ 400,000. in cash) ($ ____ at 6% or 2 1/2% above prime rate, whichever is greater in market value of securities) as my interest;

(b) I will share in 50 % of profits and 0 % of losses.

(c) I will have a drawing account as a charge against my interest in profits of $ ------- per ____; or

(d) I will have a salary in addition to my interest in profits of $ 25,000 per annum.

II. The following is applicable only to corporations:

(a) I (will) (will not) (do) own _____ shares of voting stock representing _____% of the outstanding voting stock of the corporation for which I (will pay) (paid) $_____. Please indicate the date of this transaction: _____.

(b) I (will) (will not) (do) own _____ shares of non-voting stock representing _____% of the non-voting stock of the corporation for which I (will pay) (paid) $_____. Please indicate the date of this transaction: _____.

(c) I (will) (will not) (do) own (_____ debentures bearing _____% interest for which I (will pay) (paid) $_____) (_____ participating debentures bearing _____% interest for which I (will pay) (paid) $_____).

(d) I will have a salary of $_____ per _____.

(e) I (will) (will not) be a director of the corporation.

(f) I (will) (will not) be an officer of the corporation. (State title to be held.) _____

(g) I (will) (will not) be a principal executive officer of the corporation. A principal executive officer must indicate his area or areas of executive responsibility. _____

_____

Remaining questions applicable to all applicants:

17. (a) I ~~(will)~~ (will not) make a subordinated loan to the member organization of $_____ in (cash) (market value of securities), for which I will receive interest at the rate of _____%. The subordinated loan will expire _____.

(b) I (will) (will not) subordinate my claim to the equity as it now and hereafter stands in my account(s) with the organization captioned _____. At the present time, such account(s) (has) (have) a (debit) (credit) balance of $_____ and long securities with a market value of $_____. As compensation therefore, I will receive interest at the rate of $ _____%. The subordination of my claim will expire _____.

(c) I (will) (will not) become a contributor of a secured demand note in the amount of $_____, for which I will receive interest at the rate of _____%.

18. (a) In connection with my proposed capital arrangement with the member organization as stated above, no funds will be borrowed by me, nor have I given nor will I give any note, other obligation or acknowledgement in connection therewith (except as follows): No exceptions

_____

(b) Other than as stated in 17(a), I ~~(have)~~ (have no) loans or borrowings reportable under Rule 420 of the Board of Governors. (Give required details covering reportable items on a separate sheet signed, dated and annexed hereto.)

19. The nature of my activities with the member organization will be: (If you are not an employee of the member organization, briefly explain the nature of any direct or indirect business dealings you have had or contemplate having with the member organization.) Limited Partner

_____

20. I do not presently intend to devote any time exclusively to the business of the member organization (except as follows): _____

_____

IMPORTANT

The following section must be executed by all applicants in connection with the proposal outlined herein:

This application for approval by the Board of Governors is not being made in reliance upon the standing of the above named organization as a member organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of such organization or its capital position. I have made an investigaiton of such member organization and its partners, officers, directors and stockholders as I deem necessary and appropriate under the circumstances, including an examination of the latest certified audit by Haskins & Sells (Name of Auditor) dated Sept. 30, 1969 (Date) and a recent computation of net capital prepared by the member organization dated Mar. 31, 1970 (Date). I am not relying upon the Exchange to provide any information concerning or relating to such member organization and agree that the Exchange has no responsibility to disclose to me any information concerning or relating to such member organization which it may now, or at any future time, have. I agree for myself, my personal representatives, successors and assigns that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of said Exchange or Fund shall be liable to me with respect to my investment or interest in such member organization or with respect to any repayment of any such investment.

The applicant, in signing this application, agrees to abide by the Constitution and Rules of the Board of Governors of the New York Stock Exchange as the same have been or shall be from time to time amended and as the same shall apply to him, this agreement to become effective in the event of the approval by the New York Stock Exchange of this application. Moreover, it is clearly understood and agreed that the proposal outlined herein and in every supplementary sheet attached hereto may not become effective until it is approved by the Board of Governors of the New York Stock Exchange.

The applicant agrees that (1) if any share of stock of the member corporation which is not a freely transferable security should at any time be acquired, held or owned by a person not approved by the Exchange, except the estate of a deceased stockholder for such period as may be allowed by the Exchange, or (2) if any person required to be approved by the Exchange as an approved person fails or ceases to be so approved, or (3) if any stockholder should violate his agreement with the Exchange, the member corporation may be deprived by the Exchange of all the privileges of a member corporation.

*The applicant also agrees to comply with Rule 312(c) and Rule 313(b) and such other provisions of the Constitution and the Rules of the Board of Governors relating to approved persons as shall from time to time be in effect. The applicant agrees promptly to notify the Exchange, so long as it remains an approved person, of any acquisition or disposition by it of any security of such member corporation.

The applicant agrees that the approval of this application by the New York Stock Exchange may be withdrawn if, in the opinion of the Exchange the applicant has:

(1) violated any provision of the Constitution or of any rule adopted by the Board of Governors applicable to it as the same may be from time to time in effect;

(2) violated any of its agreements with the Exchange;

(3) made any misstatements to the Exchange; or

(4) been guilty of (i) conduct inconsistent with just and equitable principles of trade, (ii) acts detrimental to the interest or welfare of the Exchange, or (iii) conduct contrary to an established practice of the Exchange.*

I further state that I have read the Constitution and Rules of the Board of Governors of the New York Stock Exchange and I hereby pledge myself to abide by the Constitution and Rules of the Board of Governors of the New York Stock Exchange as the same have been or shall be from time to time amended.

The language enclosed in single asterisks (*) applies only to approved persons. While the language enclosed in double asterisks (**) applies only to proposed allied members. The language not enclosed by asterisks applies to all applicants.

Date July 1 1970

Howard C. Hirsch
(Signature of Applicant)

State of New York
County of New York } ss.:

On the 1st day of July, in the year 1970

Before me personally came Howard C. Hirsch to me known, and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

Lillian J. Maurin Roggenkamp

LILLIAN J. MAURIN ROGGENKAMP
Notary Public, State of New York
No. 30-3379365
Qualified in Nassau County
Commission Expires March 30, 1971

Note: If executed outside of New York State, attach Certificate of County Clerk or other appropriate official as to the authority of the Notary Public or other official taking the acknowledgment.

881-B Rev. 4/70 (20-750)

Deft. NYSE Ex. RK, pp. 623a-627a
(623a)

Form AD-3

(Short Form—To bring previous allied member or non-member application up to date.)

DEFT. NYSE EX. RK IDN BY FOR ID

NYSE
Deft. Exh. For ID 1/1
Plf. Exh. ID 2/1
Charles Shain Co 9/19/74
Doyle Reporting Inc. CR

NEW YORK STOCK EXCHANGE

Application of Rau - Kohn as

- ☐ An Allied Member of the New Stock Exchange (Further qualify):
  - ☑ a general partner in a member firm
  - ☐ a director who is an employee of the member corporation and a holder of voting stock
  - ☐ a principal executive officer of the member corporation and a holder of voting stock
  - ☐ an employee of the member corporation holding 5% or more of its outstanding voting stock
- ☐ An Approved Person (Further qualify):
  - ☐ non-employee director
  - ☐ non-employee holder of 5% or more of the outstanding voting stock of the member corporation.
- ☐ A holder of voting stock and not an allied member and not an approved person
- ☐ A holder of non-voting stock
- ☐ A holder of debentures
- ☑ A limited partner
- ☐ (other) _____

of the member organization of J I du Pont Jones Forgan & Co

to be effective July 1 70

Address at which applicant will make his office 25 Broad St NYC

Applicant's home address King Lane Rye NY

In answering the following statements, give full details, using separate signed sheets or letter of explanation, if necessary.

1. Since Jan 1, 1930, the date of my previous application I have been engaged in business as follows:

(Date)	to (Date)	(Organization and position held)
	July 70	Hirsch & Co. Gen. Partner
	to	

ALL BUSINESS CONNECTIONS NOT SHOWN IN STATEMENT 1 MUST BE SHOWN IN ANSWER TO STATEMENT 2.

N.B. In statement 2, the term "controlling" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise. (Securities Exchange Act of 1934, Sec. 12).

2. (a) I am at present a proprietor, partner, director, officer, controlling person, employee, or member of the following business organizations, other than shown in my answer to statement 1 (Give full details including address, type of business, date connection was established, position held, amount of time devoted thereto and compensation received.)

(b) I have or have had a financial or controlling interest (through direct or indirect stock or bond ownership, through outstanding loans, or otherwise) in the following companies engaged in a securities or financial or kindred business. (Give full details using separate letter, if necessary):

wholly wholly owned subsidiaries & affiliates of Hirsch & Co

(c) I have been, since the date of my previous application, a proprietor, partner, director, officer, controlling person, employee, or member of the following business organizations: (Give dates of connection, type of business, address and position held.)

None

3. (a) I have, or have had, since the date of my previous application, transactions with the following brokerage houses, either in my own name or in another style: (Give addresses. State style used for transactions not conducted in own name.)

Hinckley

(b) I have, or have had, since the date of my previous application, accounts or other dealings (including loans granted or denied) with the following banks or other financial organizations, either in my own name or in another style: (Give addresses. State style used for accounts or loans not carried in own name.) and Bache Estate
Bankers Trust as Trustee Estate Alex Kohn
Irving Trust " & my own a/c

ANSWER "YES" OR "NO" TO QUESTIONS 4 THROUGH 14
COVERING THE PERIOD SINCE THE DATE OF PREVIOUS APPLICATION

4. Have you used or been known by any name or style other than as shown above? — no

5. (a) Have you been refused a bond by a surety company? — no

(b) Has any surety company paid out any funds on your coverage or cancelled your coverage? — no

6. Have your services been terminated by any employer? — no

7. In your business connections or employment in any capacity, has any transaction under your attention been the subject of a written complaint or legal or arbitration proceedings? — none not known to NYSE

8. (a) Have you ever been a member, or associated as a principal with a member, of any securities or commodity exchange other than the New York Stock Exchange? — member New Orleans Cotton Exchange

(b) Have you ever been a member, or associated as a principal with a member, of the National Association of Security Dealers, Inc., or any other association of security or commodity brokers, dealers, investment bankers or investment advisors? — yes

(c) Has any application for your approval by any exchange or association, as a member or otherwise, been denied or withdrawn? — no

(d) Have you ever been associated (as a principal, employee or otherwise) with any organization which, or a principal of which was refused membership or withdrew an application for membership in any exchange or association? — no

9. (a) Have you ever been investigated, expelled, suspended, fined, censured, or otherwise disciplined by the Securities and Exchange Commission, any State Securities Commission, the National Association of Securities Dealers, Inc. or any other securities or commodity exchange or association? — no

(b) Have you ever associated (as a principal, employee or otherwise) with any organization which, or a principal of which was investigated, expelled, suspended, fined, censured, or otherwise disciplined by such an exchange, association, or securities commission? — no - except as known by NYSE

10. (a) Have you ever been denied a license, franchise, permit, certificate or registration required to engage in the securities, commodities, or any other business or profession? — no

(b) Has any such license, franchise, permit, certificate or registration which you have held been suspended or revoked? — no

(c) Have you ever been prohibited, temporarily or otherwise, from engaging in the securities, commodities, or any other business or profession, or from dealing in any particular security or commodity? — no

(d) Have you ever been associated with any organization which, or a principal of which, has been prohibited from engaging in any business or profession or from dealing in any particular security or commodity, or whose license, franchise, permit, certificate or registration required to engage in any business or profession has been denied, suspended or revoked? — no

11. (a) Have you ever been arrested for, or formally charged with, or convicted of the violation of any criminal law (other than minor traffic violations) or have you been the subject of a court-martial or other form of military proceeding? — no

(b) Are you now or have you ever been involved as a party or witness in any trial or proceeding before a civil or criminal court, an arbitration tribunal, an administrative agency, a court martial or other regulatory body? — yes

12. Have any suits, judgments, liens (including tax liens), attachments or other encumbrances been taken or filed against you? — no suits etc. filed against partners of Hirsch & Co

13. Have you, or any organization with which you have been associated, failed in business, made a compromise with or an assignment for the benefit of creditors, taken advantage of any Exemption Law, or been a party to any voluntary or involuntary bankruptcy or insolvency proceeding? — no

14. Have you been fingerprinted in accordance with the law governing securities personnel in your State? (if not applicable, please state) — yes

IF YOUR ANSWER TO ANY OF QUESTIONS 4-13 IS "YES," PLEASE GIVE FULL DETAILS (Attach separate signed sheets):

Question No.	
11 b	many years ago - a minor claim by client in several cases before NYSE Arbitration Board American Arbitration Assoc all against partners of Hirsch & Co

15. My net worth (including equities in real estate, securities and other property) is in excess of $ 1000 000 00

16. I. The following is applicable only to partnerships:

(a) I (will) (~~will not~~) make a capital contribution to the firm of ($ 900 000 in cash) ($ _____ in market value of securities) at 5 % interest; on general p'ship + 6% or 2½ % above prime rate on Ltd p'ship

(b) I will share in 2 % of profits and 2 % of losses.

(c) I will have a drawing account as a charge against my interest in profits of $ (367/1384) no per _____; or

(d) I will have a salary in addition to my interest in profits of $ 36000 per annum.

II. The following is applicable only to corporations:

(a) I (will) (will not) (do) own _____ shares of voting stock representing _____ % of the outstanding voting stock of the corporation for which I (will pay) (paid) $ _____. Please indicate the date of this transaction: _____.

(b) I (will) (will not) (do) own _____ shares of non-voting stock representing _____ % of the non-voting stock of the corporation for which I (will pay) (paid) $ _____. Please indicate the date of this transaction: _____.

(c) I (~~will~~) (will not) (do) own (_____ debentures bearing _____% interest for which I (will pay) (paid) $_____) (_____ participating debentures bearing _____% interest for which I (will pay) (paid) $_____).

(d) I will have a salary of $_____ per _____.

(e) I (will) (will not) be a director of the corporation.

(f) I (will) (will not) be an officer of the corporation. (State title to be held.) _____

(g) I (will) (will not) be a principal executive officer of the corporation. A principal executive officer must indicate his area or areas of executive responsibility. _____

_____

Remaining questions applicable to all applicants:

17. (a) I (~~will~~) (will not) make a subordinated loan to the member organization of $_____ in (cash) (market value of securities), for which I will receive interest at the rate of _____%. The subordinated loan will expire _____.

(b) I (will) (will not) subordinate my claim to the equity as it now and hereafter stands in my account(s) with the organization captioned _____. At the present time, such account(s) (has) (have) a (debit) (credit) balance of $_____ and long securities with a market value of $_____. As compensation therefore, I will receive interest at the rate of $ _____%. The subordination of my claim will expire _____.

(c) I (will) (will not) become a contributor of a secured demand note in the amount of $_____, for which I will receive interest at the rate of _____%.

18. (a) In connection with my proposed capital arrangement with the member organization as stated above, no funds will be borrowed by me, nor have I given nor will I give any note, other obligation or acknowledgement in connection therewith (except as follows): none

_____

(b) Other than as stated in 17(a), I (~~have~~) (have no) loans or borrowings reportable under Rule 420 of the Board of Governors. (Give required details covering reportable items on a separate sheet signed, dated and annexed hereto.)

19. The nature of my activities with the member organization will be: (If you are not an employee of the member organization, briefly explain the nature of any direct or indirect business dealings you have had or contemplate having with the member organization.) management

_____

20. I intend to devote my time exclusively to the business of the member organization (except as follows): _____
no objection

IMPORTANT

The following section must be executed by all applicants in connection with the proposal outlined herein:

This application for approval by the Board of Governors is not being made in reliance upon the standing of the above named organization as a member organization of the New York Stock Exchange ("Exchange") or upon the Exchange's surveillance of such organization or its capital position. I have made an investigaiton of such member organization and its partners, officers, directors and stockholders as I deem necessary and appropriate under the circumstances, including any examination of the latest certified audit by Klein Stack. (Name of Auditor) dated 3-22-69 (Date) and a recent computation of net capital prepared by the member organization dated June 19 70 (Date). I am not relying upon the Exchange to provide any information concerning or relating to such member organization and agree that the Exchange has no responsibility to disclose to me any information concering or relating to such member organization which it may now, or at any future time, have. I agree for myself, my personal representatives, successors and assigns that neither the Exchange, its Special Trust Fund, nor any governor, officer, trustee or employee of said Exchange or Fund shall be liable to me with respect to my investment or interest in such member organization or with respect to any repayment of any such investment.

The applicant, in signing this application, agrees to abide by the Constitution and Rules of the Board of Governors of the New York Stock Exchange as the same have been or shall be from time to time amended and as the same shall apply to him, this agreement to become effective in the event of the approval by the New York Stock Exchange of this application. Moreover, it is clearly understood and agreed that the proposal outlined herein and in every supplementary sheet attached hereto may not become effective until it is approved by the Board of Governors of the New York Stock Exchange.

The applicant agrees that (1) if any share of stock of the member corporation which is not a freely transferable security should at any time be acquired, held or owned by a person not approved by the Exchange, except the estate of a deceased stockholder for such period as may be allowed by the Exchange, or (2) if any person required to be approved by the Exchange as an approved person fails or ceases to be so approved, or (3) if any stockholder should violate his agreement with the Exchange, the member corporation may be deprived by the Exchange of all the privileges of a member corporation.

*The applicant also agrees to comply with Rule 312(c) and Rule 313(b) and such other provisions of the Constitution and the Rules of the Board of Governors relating to approved persons as shall from time to time be in effect. The applicant agrees promptly to notify the Exchange, so long as it remains an approved person, of any acquisition or disposition by it of any security of such member corporation.

The applicant agrees that the approval of this application by the New York Stock Exchange may be withdrawn if, in the opinion of the Exchange the applicant has:

(1) violated any provision of the Constitution or of any rule adopted by the Board of Governors applicable to it as the same may be from time to time in effect;

(2) violated any of its agreements with the Exchange;

(3) made any misstatements to the Exchange; or

(4) been guilty of (i) conduct inconsistent with just and equitable principles of trade, (ii) acts detrimental to the interest or welfare of the Exchange, or (iii) conduct contrary to an established practice of the Exchange.*

I further state that I have read the Constitution and Rules of the Board of Governors of the New York Stock Exchange and I hereby pledge myself to abide by the Constitution and Rules of the Board of Governors of the New York Stock Exchange as the same have been or shall be from time to time amended.

The language enclosed in single asterisks (*) applies only to approved persons. While the language enclosed in double asterisks (**) applies only to proposed allied members. The language not enclosed by asterisks applies to all applicants.

Date July, 1970

Paul L Kohn
(Signature of Applicant)

State of New York
County of New York } ss.:

On the 1st day of July, in the year 1970

Before me personally came Paul L. Kohn to me known, and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

Lillian J Maurin Roggenkamp

LILLIAN J. MAURIN ROGGENKAMP
Notary Public, State of New York
No. 30 [illegible] 5
Qualified in [illegible] County
Commission Expires March 30, 1971

Note: If executed outside of New York State, attach Certificate of County Clerk or other appropriate official as to the authority of the Notary Public or other official taking the acknowledgment.

861-E Rev. 4/70 (20-750)

#45 10

USA 33s - 475
(ED. 4-65-71) DEFENDANT
N.Y.S.E.
EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.
F
FPI-NY—4-8-74 524-2001

Deft. NYSE Ex. F pp. 628a-639a
p. 628a

6-9-70
11:15 AM.

PAUL DI PRAT

344-2000 EXT 538

19TH FLOOR 1 WALL ST.

1. CAPITAL COMPUTATION 4-26-70
2. LOANS FORM 4-26-70
3. ICE REPORT
4. WRIGHT & SOCIATE REPORT
5. [illegible] BRANCH OFFICE QUOTE SHEET ETC.
6. SPECIAL OPERATIONS QUESTIONNAIRE

HIRSCH & CO.
MEMBERS NEW YORK STOCK EXCHANGE

NEWARK N J
BALTIMORE MD
WASHINGTON D C
ROANOKE VA
MIAMI BEACH FLA
PALM BEACH FLA
FORT PIERCE FLA
LAKE WORTH FLA
MELBOURNE FLA
VERO BEACH FLA
NANTUCKET N Y
CHICAGO ILL
BOSTON MASS
DALLAS, TEXAS

LONDON
PARIS
GENEVA
AMSTERDAM
VIENNA
BUENOS AIRES

25 BROAD STREET • NEW YORK, N.Y. 10004
(212) 422-0600 • CABLE "HIRLICO" NEW YORK

May 21, 1970

New York Stock Exchange
Department of Member Firms
4 New York Plaza
New York, N. Y. 10004

Attention: Chief Examiner

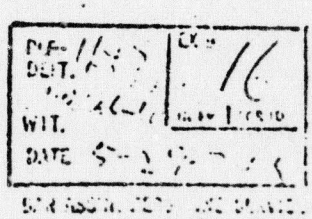
Gentlemen:

Enclosed please find our answers to the Special Operations Questionnaire for the period ending April, 1970.

Very truly yours,

Hirsch & Co.

JP/dh
Enc.



BOARD OF GOVERNORS – NEW YORK STOCK EXCHANGE

OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 4/70
HIRSCH & CO.	LAST PREVIOUS REPORT DATE: 2/20/70

*Haskins & Sells CPA now conducting a surprise audit as of 4/24/70.

Summarize the results of the latest computation made of the Ratio of Aggregate Indebtedness to Net Capital in accordance with Rule 325:	Current Report	Last Previous Report
A. Date as of which computation was made *	3/31/70	1/30/70
B. Amount of Aggregate Indebtedness	$ 56,945,208	$ 63,729,945
C. Amount of Net Worth (excluding Subordinated Borrowings)	$ 7,359,252	$ 7,693,339
D. Net Value of Securities in Proprietary accounts	$ 2,572,443	$ 4,032,289
E. Amount of Subordinated Borrowings	$ 4,001,218	$ 3,595,055
F. Net Value of Securities in Subordinated Accounts	$ 1,246,152	$ 1,371,006
G. Amount of Net Capital	$ 5,671,330	$ 5,204,509
H. Ratio of Aggregate Indebtedness to Net Capital	1004 %	1225 %
I. Amount of Net Capital in Excess of (or Less than) Minimum Requirements	$ 2,824,070	$ 2,018,012

Furnish the following information as of the date shown in answer to question 1A above:		
A. Unresolved stock record difference positions with no known related ledger amounts:		
1. Total number thereof	2	25
2. Total LONG market value thereof	$ 1,500	$ 2,350
3. Total SHORT market value thereof	$ --	$ 21,787
4. Were the LONG values ignored in the capital computation summarized in answer to question 1?	YES ☐ NO ☒	YES ☐ NO ☒
5. Were the SHORT values charged to capital in the capital computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☒ NO ☐
B. Ledger amounts comprising SUSPENSE ITEMS and/or DIFFERENCE AMOUNTS with no known related securities positions:		
1. Total number of such SUSPENSE ITEMS and DIFFERENCE AMOUNTS	7 (as of 5/19/70-0)	4
2. Total of such ledger DEBIT amounts	$ 0	$ 1,595
3. Total of such ledger CREDIT amounts	$ 0	$ 6,080
4. Were the amounts considered in the capital computation summarized in answer to question 1?	YES ☒ NO ☐	YES ☒ NO ☐

NAME OF RESPONDENT ORGANIZATION: HIRSCH & CO.

COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 4/70

LAST PREVIOUS REPORT DATE: 2/20/70

		Current Report	Last Previous Report
2 cnt.	C. Ledger amounts comprising SUSPENSE ITEMS with known related securities positions:		
	1. Total number of such SUSPENSE ITEMS	14 (as of 5/7/70-0)	34 (as of 2/11-5)
	2. Total of such ledger DEBIT amounts	$44,942 (as of 5/7/70-0)	$76,089 (as of 2/11-5935)
	3. Total of such ledger CREDIT amounts	$177 (as of 5/7/70-0)	$ 7,846 (as of 2/11-0)
	4. Total market value of LONG securities positions related to SUSPENSE ITEMS	$4,842 (as of 5/7/70-0)	$54,500 (as of 2/11-5900)
	5. Total market value of SHORT securities positions related to SUSPENSE ITEMS	$ NONE	$28,026 (as of 2/11-0)
	6. Were these balances and market values considered in the capital computation summarized in answer to question 1?	YES XX NO ☐	YES XX NO ☐
	D. Dividends, rights and similar distributions receivable outstanding 30 days and longer:		
	1. Total ledger amounts of such distributions receivable in cash	$ 329,470	$ 386,821
	2. Total market value of such distributions receivable in stock, rights, etc.	$ 64,050	$ 178,571
	3. Were the total ledger amounts and market values charged to capital in the computation summarized in answer to question 1?	YES XX NO ☐	YES XX NO ☐

NOTES: 1. SUSPENSE ITEMS represent individually identifiable transactions which have not been cleared up in the normal course of business. They may have known related LONG or SHORT securities positions.

2. DIFFERENCE AMOUNTS represent currently unidentifiable items and may have been required to balance daily general ledger activity. They have no known related LONG or SHORT securities positions.

3 Furnish the information requested with respect to counts made since the last previous Special Operations Questionnaire was filed:	Current Report: Date	Per Cent of Total Positions Counted	Number of Unresolved Differences	Market Value of Unresolved Differences: Long	Short
A. Securities:					
1. Securities in active box a/o 4/24/70	66 diff	100%	0	$ ---	$ ---
2. All other securities recorded as being in physical possession a/o 4/24/70	80 diff	100%	0	$ ---	$ ---
B. Open transfer items counted and compared to stock record a/o 4/24/70	9 diff	100%	0	$ ---	$ ---
	Last Previous Report				
A. Securities:					
1. Securities in active box a/o 1/9/70	194 diff	100%	0	$ ---	$ ---
2. All other securities recorded as being in physical possession a/o 1/9/70	70 diff	100%	0	$ ---	$ ---
B. Open transfer items counted and compared to stock record a/o 1/9/70	diff	100%	0	$ ---	$ ---

632a

OF BROKER OR DEALER	COMBINED REPORT OF ALL OFFICES OF BROKER OR DEALER ORGANIZATION FOR THE MONTH ENDED: 4/70
HIRSCH & CO.	LAST PREVIOUS REPORT DATE: 2/20/70

Furnish the information called for with respect to the latest proofs taken of the following accounts:	Current Report			
	Date	Totals of Detail Records	Balance in Control Accounts	Differences
A. Customer accounts *	4/24/70	$34,671,874	$34,671,874	$ -0-
B. Fail to receive	4/30/70	$ 2,707,655	$ 2,707,655	$ -0-
C. Fail to deliver	4/30/70	$ 2,484,315	$ 2,484,315	$ -0-
D. Stocks borrowed	4/30/70	$ 1,663,500	$ 1,663,500	$ -0-
E. Stocks loaned	4/30/70	$ 5,190,550	$ 5,190,500 m	$ -0-
	Last Previous Report			
A. Customer accounts	1/30/70	$ ---	$ ---	$ ---
B. Fail to receive	1/30/70	$ 4,582,692	$ 4,582,692	$ -0-
C. Fail to deliver	1/30/70	$ 3,163,070	$ 3,163,070	$ -0-
D. Stocks borrowed	1/30/70	$ 2,971,400	$ 2,971,400	$ -0-
E. Stocks loaned	1/30/70	$ 6,665,520	$ 6,665,520	$ -0-

NOTE: DETAIL RECORDS consist of the supporting documents and/or ledgers which support the balances recorded in the stock general ledger control accounts. For example, the detail records supporting the general ledger customer control account are the customer [illegible] and those supporting the general ledger fail control accounts are the fail units maintained in the Cage and related EDP [illegible] files.

*Haskins & Sells CPA surprise audit.

Furnish the following information as of month end:	Current Report	Last Previous Report
A. Number of securities positions with unresolved stock record breaks.	27 (as of 5/19/70-4)	4
B. Total market value of unresolved STOCK RECORD BREAKS:		
1. LONG	$ 2,500	$ 1,500
2. SHORT	$ 800	$ 73,000

NOTE: STOCK RECORD BREAKS refer to out of balance securities positions on the stock record which are created by the daily recording of securities movements.

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 4/70
HIRSCH & CO.	LAST PREVIOUS REPORT DATE: 2/20/70

Furnish the information requested with respect to reconciliations performed in connection with the following items since the last previous Special Operations Questionnaire was filed:	Current Report				
	Date	% of Total Positions Conf'd. & Reconciled	Number of Unresolved Differences	Market Value of Unresolved Differences	
				Long	Short
A. Collateral items confirmed with banks and compared to stock record	4/24/70	**100 %	0	$ -0-	$ -0-
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	4/24/70	**100 %	0	$ -0-	$ -0-
C. Fails to deliver confirmed and compared to stock record	4/24/70	**100 %	0	$ -0-	$ -0-
D. Fails to receive confirmed and compared to stock record	4/24/70	**100 %	0	$ -0-	$ -0-
E. Stocks borrowed confirmed and compared to stock record	4/24/70	**100 %	0	$ -0-	$ -0-
F. Stocks loaned confirmed and compared to stock record	4/24/70	**100 %	0	$ -0-	$ -0-
	Last Previous Report				
A. Collateral items confirmed with banks and compared to stock record	10/10/69	100 %	0	$---	$ ---
B. Securities recorded as deposited with CCS and compared to the CCS Clearing Member Statement	1/30/70	100 %	0	$---	$ ---
C. Fails to deliver confirmed and compared to stock record	1/30/70	* 100 %	0	$---	$ ---
D. Fails to receive confirmed and compared to stock record	1/30/70	* 100 %	0	$---	$ ---
E. Stocks borrowed confirmed and compared to stock record	12/31/69	100 %	0	$---	$ ---
F. Stocks loaned confirmed and compared to stock record	12/31/69	100 %	0	$---	$ ---

**Confirmation request being made by Haskins & Sells CPA as of 4/24/70.

	Current Report	*Last Previous Report*
A. *Furnish the following information on unsecured accounts of customers at month-end:*		
1. Total number of accounts	720	625
2. Total ledger DEBIT balances	$143,306	$ 114,285.00
3. Total market value of SHORT securities positions	$ 30,421	$ 82,256.00
B. *Furnish the following information on unsecured accounts of brokers at month-end:*		
1. Total number of accounts	16	9
2. Total ledger DEBIT balances	$ 4,767	$ 3,326.17
3. Total market value of SHORT securities positions	$ -0-	$ -0-

OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 4/70
HIRSCH & CO.	LAST PREVIOUS REPORT DATE: 2/20/70

	Current Report	Last Previous Report
Furnish the following information on bank accounts and related bank statements:		
A. Latest date, prior to the report date, as of which ALL bank accounts had been reconciled	February, 1970	November, 1969
B. Total amount of unidentified reconciling items which could eventually require adjustment of respondent's profit and loss accounts as:		
1. DEBITS	$ -0-	$ 8,173.56
2. CREDITS	$ -0-	$ 190.08

NOTE: DEBIT and CREDIT amounts applicable to unidentified reconciling items should be shown separately. They should NOT be netted and shown as a single amount.

With respect to clearing arrangements:		
A. If the respondent clears through other brokerage organizations, state:		
1. Latest date, prior to the report date, to which omnibus accounts carried for the respondent by clearing brokers had been reconciled	N/A	N/A
2. Total amount of unresolved reconciling items:		
(a) DEBITS	$ N/A	$ N/A
(b) CREDITS	$ N/A	$ N/A
3. Total market value of unresolved reconciling items:		
(a) LONG	$ N/A	$ N/A
(b) SHORT	$ N/A	$ N/A
B. If the respondent clears for other brokerage organizations, state the number thereof	N/A	N/A

NAME OF RESPONDENT ORGANIZATION	CONSOLIDATED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED: 4/70
HIRSCH & CO.	LAST PREVIOUS REPORT DATE: 2/20/70

	Current Report	Last Previous Report
With respect to clearing arrangements:		
C. If the respondent clears through the Stock Clearing Corporation's direct mail clearance facilities, state:		
1. Latest date, prior to report date, to which the omnibus account carried for the respondent by the Stock Clearing Corporation had been reconciled	---	---
2. Total amount of unresolved reconciling items:		
(a) DEBITS	$ ---	$ ---
(b) CREDITS	$ ---	$ ---
3. Total market value of unresolved reconciling items:		
(a) LONG	$ ---	$ ---
(b) SHORT	$ ---	$ ---

NOTE: DEBIT and CREDIT amounts and LONG and SHORT market values applicable to unresolved reconciling items should each be shown separately.

State the average number of TRADES executed per trading day of the month, for customers, other brokers and the respondent in each of the following markets:		
A. New York Stock Exchange	391	599
B. All other securities exchanges	189	373
C. Over the Counter	132	221
D. Other:	103	117
Totals	815	1,310

NOTES: 1. TRADES consist of the buying and selling activities undertaken for customers, other brokers and the respondent's proprietary accounts, which result in the issuance of confirmations and/or which require clearance or other settlement activities on the part of the respondent. Transactions closed out or settled for customers shall be included in determining the average number of trades, an order for the purchase or sale of, say, 500 shares, executed in two shares at 2¼ and two shares at 2⅝, should be considered as two trades.

2. If the information as requested in this question will present a distorted representation of the respondent's business, the "Other" category may be expanded into separate components, such as Underwritings, Specialist clearances, Correspondent clearances, and so forth.

3. Transactions included in the "Other" category (10 D) should be excluded from the categories of New York Stock Exchange, All other securities exchanges, and Over the Counter.

OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF RESPONDENT ORGANIZATION FOR THE MONTH ENDED 3/70
HIRSCH & CO.	LAST PREVIOUS REPORT DATE: 2/20/70

	Current Report	Last Previous Report
State the average number, per trading day of the month:		
A. Of UNCOMPARED TRADES and ADVISORY TRADES	69	89
B. Of corrected or cancelled trades (If a correction and a cancellation apply to the same trade, include them as a single item only)	100	144

NOTES: 1. An UNCOMPARED TRADE is one (a) which is reflected differently on the respondent's blotter than on the contra broker's blotter as revealed by contract sheets in the case of clearing house transactions, or (b) for which the contra broker DK's the respondent's broker comparison, or for which the respondent DK's the contra broker's comparison, in the case of Over the Counter transactions.

2. An ADVISORY TRADE is one which is reflected on the contra broker's blotter only, and not on the respondent's blotter, as revealed by contract sheets, in the case of clearing house transactions.

State the number, over 30 days old at month end, of open transfer items:		
A. Being transferred by the respondent's organization	54	90
B. Being transferred by other brokerage organizations for the respondent	3	3
C. Being transferred by the Stock Clearing Corporation's direct mail clearance facilities for the respondent	---	---

State the number, more than 30 days old at month end, of open instructions to deliver customer securities. (Include transfer instructions not yet matched with securities and sent to transfer agents as well as other types of instructions which have not been delivered.)	18	43

Estimate the average per day of the month, for the following:		
A. Securities delivered to other brokers returned unaccepted (DK's):		
1. Number of items	5	5
2. Percentage of such items to total items presented to brokers for delivery	3 %	3 %
B. Securities delivered against payment to banks returned unaccepted:		
1. Number of items	8	15
2. Percentage of such items to total items presented to banks for delivery	7 %	10 %

NOTE: With respect to securities delivered to other brokers through clearing houses, each deliver balance order should be considered as an individual item in determining the base for estimating the average percentage of unaccepted items delivered to total items delivered.

NAME OF REPORTING ORGANIZATION	637a	CONSOLIDATED REPORT OF ALL OFFICES OF REPORTING ORGANIZATION FOR THE MONTH ENDED: 4/70
HIPSCH & CO.		LAST PREVIOUS REPORT DATE: 2/20/70

	Current Report	Last Previous Report
State the number of calendar days after the month end or other cutoff date required for the preparation and mailing of customer statements	1 day prep. 2 days mailing	1 day prep. 2 days mailing
State the latest date prior to this report date for which internal FINANCIAL STATEMENTS had been issued to capital contributors	3/31/70	12/31/69
NOTE: FINANCIAL STATEMENTS include, as a minimum, a Statement of Income or Loss and a Statement of Financial Position.		
State the number of business days after the end of the month required to complete the normal daily posting of the following:		
A. General ledger	1	1
B. Customer and broker accounts	1	1
C. Stock record	1	1
D. Margin records	1	1
A. State the number, at month end, of PRODUCING PERSONNEL (Those who devote less than the full trading day to production work should be included on an equivalent basis, e.g., ½, ¼, etc.)	269	271
B. State the number, at month end, of personnel undergoing Registered Representative training	15	12
C. State the total number of operations personnel employed in the Wire and Order, Purchases and Sales, Cashiering, Stock Record, Margin, Dividends, Accounting and Data Processing departments	214	219
D. State the number of personnel on your full time internal audit staff	1	2
E. Is an outside service bureau used for daily recordkeeping activities?	YES ☐ NO ☒	YES ☐ NO ☒
F. State the approximate number of operations personnel who are attending formal operations training courses at the present time:		
1. Internal courses	0	3
2. External courses	9	7
NOTE: PRODUCING PERSONNEL, for the purpose of this questionnaire, refers to those (including partners or officers) who accept orders to execute trades.		

NAME OF RESPONDENT ORGANIZATION	COMBINED REPORT OF ALL OFFICES OF THE REPORTING ORGANIZATION FOR THE MONTH ENDED 4/71
HIRSCH & CO.	LAST PREVIOUS REPORT DATE: 2/28/70

		Current Report
A.	Attach a statement identifying any major organization or system changes (for example, introduction or expansion of internal audit staff, long range planning staff, etc., conversion to computer or service bureau system) instituted since filing the latest Special Operations Questionnaire. Include similar changes now being planned for implementation within the next 6 months and not previously reported. Provide details regarding reasons for each change and target dates for the start and completion of each change.	☐ Statement Attached ☒ Not Applicable
B.	Attach a statement giving brief progress reports on all previously reported changes now in progress, or completed or abandoned since the last previous report.	☒ Statement Attached ☐ Not Applicable

		Current Report	Last Previous Report
	Furnish the following fiscal year-to-date information as reported in the latest internal financial statements:		
A.	Cumulative net profit (loss) applicable to the current fiscal year	$ (125,000)	$ 100,000
B.	Number of fiscal months to which the cumulative net profit (loss) applies	3	1

NAME OF RESPONDENT ORGANIZATION HIRSCH & CO.

SIGNED BY _____
(CHIEF EXECUTIVE)

AND _____
(MEMBER OR ALLIED MEMBER IN CHARGE OF OPERATIONS)

DATE May 21, 1970

ALL QUESTIONS MUST BE ANSWERED. STATE "NONE" OR "NOT APPLICABLE," AS APPROPRIATE. IF THERE IS NOTHING TO REPORT IN RESPONSE TO A PARTICULAR QUESTION.

HIRSCH & CO.
MEMBERS NEW YORK STOCK EXCHANGE

NEWARK N J
BALTIMORE MD
WASHINGTON D C
ST JOSEPH MO
MIAMI BEACH FLA
PALM BEACH FLA
FORT PIERCE FLA
FORT WORTH FLA
MELBOURNE FLA
VERO BEACH FLA
NANUET N Y
CHICAGO ILL
BOSTON MASS
DALLAS TEXAS

LONDON
PARIS
GENEVA
AMSTERDAM
VIENNA
BUENOS AIRES

25 BROAD STREET • NEW YORK, N.Y. 10004
(212) 422-0600 • CABLE "HIRLICO" NEW YORK

May 21, 1970

New York Stock Exchange
Department of Member Firms
4 New York Plaza
New York, N. Y. 10004

Attention: Chief Examiner

Re: Special Operations Questionnaire
as of the end of April, 1970.

Gentlemen:

In answer to Question 19B of the above questionnaire, please be advised that we have completed parallel testing of the P & S Program on the IBM 360/40 and converted to this system on Monday, May 18, 1970.

The testing of the Cage and Stock Record Programs has been completed. The implementation of these programs will depend upon the full testing of the various other programs previously mentioned in the Special Operations Questionnaire as of the end of January, 1970.

Very truly yours,

Hirsch & Co.

JP/dh
Enc.

NYSE

5/31/70

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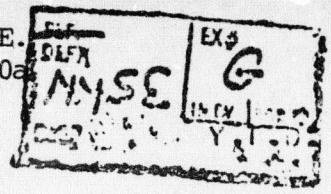
Charles Shapiro 6/27/74
Doyle Reporting Inc. 61



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CURRENT MO.

	OFF. TOTAL FIRM		
COMM EARN NYSE FL	469,593	2,143,12	
COMM EARN NYSE OL	43,752	232,065	
COMM EARN ASE FL	128,520	736,389	
COMM EARN ASE OL	4,922	42,642	
COMM EARN BONDS	24,125	109,792	
COMM EARN OTC ETC.	52,616	450,715	
COMP EARN MI		309	
TOT. CUST&CORRESP COMM	723,932 CR	3,715,038	CR*
COMMODITY COMM.	44,280	205,303	
MUTUAL FUND COMC	1,449	91,741	
TOTCOST CHGOUT FDS	769,661 CR	4,012,083	CR*
SPEC&SEC OFFERINGS			
CLEAR. COMM EARNED	3	3	
FLOOR BKGE EARNED	11,404	13,922	
GIVEUP COMM EARNED	724	1,825	
FGN&DOM TRADING CR	1,356	24,247	
NEW ISSUE CREDITS	106,030	641,607	
INTEREST EARN CUST	324,953	1,665,017	
INT EARN INTEROFF	13,456	119,739	
OTHER INCOME	167,913	349,527	
TRADING A/C PROFIT	102,328 DR	219,895	✓
FIRMTRAD CHGPROFIT	821	5,466	
TOTAL GROSS INCOME	1,294,046 CR	7,075,354	CR*
MUTUAL FD COMM PD	185	5,420	
CMO COMM PD.	23	202	
PD CORRESP NYSE FL	38,805	164,521	
PD CORRESP NYSE OL	1,787	11,104	
PD CORRESP ASE FL	4,822	40,076	
PD CORRESP ASE OL	50	819	
PD CORRESP BONDS	123	1,180	
PD CORRESP OTC ETC	15,713	89,518	
PD CORRESP MI			
TOT. COMM PD CORRESP	61,508	312,842	*
FLOOR BKGE PD NYSE	24,812	121,838	
FLOOR BKGE PD ASE	6,064	35,629	
TOT. FLOOR BKGE	30,897	157,457	*
GIVE UP COMM PAID		2	
COMMODITY BKGEPAID	15,901	65,372	
RR COMPENSATION	295,554	1,463,329	
COMMISSION FEES	5,706	34,872	
SPEC CHG COMM PAID			
TOT. COMMISSION PAID	317,161	1,563,575	*
INTPD LOAN CUSTSEC	193,821	1,056,200	
INT PAID FIRM S/C	10,819	29,254	
INT PD CLEAR A/CS			
INT PAID OTHER	12,527	64,922	
INT EXP INTEROFFICE	12,863	119,146	
TOT. INTEREST EXP.	230,031	1,269,524	*
TOT. VARIABLE EXP.	639,597	3,303,409	*
TOT. VARIABLE CONT.	654,449 CR	3,772,945	CR*